AYA Bank PCL

ANNUAL REPORT

FY 2023 - 2024

Your Trusted Partner

Your Trusted Partner

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Chairman's Remarks

Dear Shareholders, Valued Customers, and Partners,

On behalf of the Board of Directors of AYA Bank PCL, I am honored to present our Annual Report for the financial year 2023-2024. This year, despite a dynamic and challenging environment, we remained steadfast in our mission to deliver sustainable growth, innovation, and value to all our stakeholders.

Resilience in a Transforming Landscape

The financial year 2023-2024 has been marked by both challenges and opportunities. Global economic uncertainties, regulatory shifts, and evolving customer expectations tested the strength of our business model. Yet, AYA Bank has once again demonstrated resilience, adaptability, and a commitment to excellence. We navigated these changes with focus, ensuring financial stability and delivering a performance that reflects the trust our customers and shareholders place in us.

Our ability to adapt to a rapidly transforming landscape has been underpinned by our people, technology, and customer-centric approach. We continued to prioritize prudent risk management, operational efficiency, and innovation to enhance both customer experience and business performance.

Financial Performance and Strategic Achievements

AYA Bank maintained a robust financial position throughout the year. Our key financial indicators reflect solid growth, operational efficiency, and an unwavering focus on value creation. We are pleased to report a strong balance sheet and stable profitability, which allows us to continue investing in growth opportunities and strengthening our market position.

Throughout FY 2023-2024, we have pursued key strategic initiatives:

- Digital Transformation: We accelerated the adoption of innovative digital solutions, expanding our online and mobile banking capabilities to meet the evolving needs of our customers.
- Customer-Centric Innovation: We launched new products and services that empower businesses and individuals, supporting their financial journeys with flexibility and convenience.
- Sustainability and Governance: As a responsible corporate citizen, AYA Bank remains committed to fostering ethical governance and supporting initiatives that drive positive social and environmental impact.

Commitment to Our Stakeholders

The success of AYA Bank stems from the collective trust and contributions of our stakeholders. To our shareholders, we remain dedicated to delivering consistent returns and long-term value. To our customers, we pledge to continue providing reliable, innovative, and accessible financial services that empower lives and businesses. To our employees, I extend my gratitude for your unwavering commitment, hard work, and resilience in driving our success.

Looking Ahead

As we look to the future, AYA Bank will continue to focus on strengthening our foundations, driving digital transformation, and identifying new growth opportunities. We are confident that by upholding our core values of integrity, accountability, and innovation, we will continue to contribute to Myanmar's economic development and the well-being of our communities.

Closing Thoughts

In closing, I would like to express my sincere appreciation to the Board of Directors, Executive Committee, management team, and all employees of AYA Bank for their dedication and perseverance. To our customers, shareholders, and partners, thank you for your continued trust and support. Together, we will strive to achieve greater success in the years ahead.
Thank you.

U Zaw Zaw
Founder Chairman
AYA Bank PCL

Corporate Profile

AYA Bank PCL is a leading private sector bank in Myanmar. The Bank was licensed by the Central Bank of Myanmar as a development bank on 2nd July 2010 and relicensed under the Financial Institutions Law 2016 as a full service bank. Registered as a Private Company Limited by Shares on 14th July 2010 and established on 11th August 2010, AYA Bank has been part of promoting the stability of financial system of the nation.

To create long-term growth, value and sustainability, AYA Bank was reincorporated as a Public Company Limited on 30th December 2022. The Bank is committed to the strategic roadmap of going public with higher level of transparency, financial rigor, stringent reporting deadlines and compliance requirements. This transition from private to public intends to distribute ownership among general public shareholders in the future and allows them to reap the benefits of a business's success by delivering strong returns.

Headquartered in Yangon, AYA Bank is serving individuals, small- and middle-market businesses, large corporations, and government sector with extensive branch network across the country. Our comprehensive network does not end local, and we are connected to the wider Asia region and global.

AYA Bank is the country's one of the largest banks with almost (3) million customers and (260) branches. Our large and loyal customer base has been one of the key drivers of our success, allowing us for rapid growth over the years. The Bank focus on deepening relationships with customers, providing best-in-class customer service, and leveraging technology as the enabler to rapidly expand the customer base.

CORPORATE GOALS

AYA Bank, driven by its core values, has set forth four strategic goals that form the foundation of its strategic direction, proven to be successful throughout the years. These goals are aligned with the bank's commitment to delivering exceptional value to its customers:

1. For Customers

To achieve high level of customer satisfaction by,

- Providing honest, efficient and courteous service
- Offering a full range of products and services
- Providing easy accessibility in terms of reach and delivery channels
- Employing technology as the enabler for all customer service endeavors

We are committed to making a positive impact in the communities we serve by fostering fair and responsible banking practices. Whether individuals, business owners, or entrepreneurs, we are dedicated to providing personalized guidance and advice at scale, empowering our customers to make informed financial decisions and build long-term financial wellness and resilience.

Central to our operations is our unwavering focus on cultivating a customer-centric culture. It is ingrained in our core values, reflecting our dedication to always putting the customer first. By consistently prioritizing the needs and aspirations of our customers, we aim to foster trust, loyalty, and enduring relationships.

At AYA Bank, our commitment to customer satisfaction goes beyond mere words. We actively strive to exceed expectations, continuously innovating and adapting to the evolving needs of our customers. Through our customer-centric initiatives and unwavering dedication, we aim to create lasting value and make a meaningful difference in the lives of our customers.

At AYA Bank, we leverage our expertise to proactively identify and seize opportunities on behalf of our customers. Through a deep understanding of the financial landscape and market dynamics, we aim to provide strategic guidance and support that enables our customers to capitalize on favorable prospects and achieve their financial goals.

Recognizing the increasing significance of digital channels in today's interconnected world, we place a strong emphasis on investing in a robust digital experience for our customers. By harnessing the power of technology, we strive to deliver seamless and convenient banking services that cater to the evolving needs and preferences of our digitally savvy customers. Our digital initiatives are designed to enhance accessibility, streamline processes, and provide secure and user-friendly platforms for our customers to manage their finances with ease.

We are committed to driving financial inclusion across Myanmar, particularly in rural areas, to connect underserved communities to mainstream banking services. We understand that access

to financial resources and services is crucial for socioeconomic development and empowerment. By accelerating action on financial inclusion, we aim to bridge the gap between urban and rural areas, ensuring that all individuals have equal opportunities to participate in the formal financial system. Through innovative approaches, inclusive products, and extensive outreach efforts, we strive to empower rural communities and enable them to thrive economically.

At AYA Bank, our dedication to our customers extends beyond traditional banking services. We are driven by a passion for unlocking potential, creating opportunities, and fostering sustainable growth. Through our expertise, digital advancements, and commitment to financial inclusion, we aim to empower individuals and communities, supporting them in their journey towards financial success

2. For Community

To be a good corporate citizen and build long term sustainable and active engagement with the community we serves
Our strategic goal for the community encompasses the following principles:

1.Demonstrating Our Values:
We firmly believe in upholding our values and operating in a transparent and ethical manner. We actively engage with the public, fostering open communication and providing insights into our operations and decision-making processes. By doing so, we strive to build trust and confidence while ensuring a sustainable future for all stakeholders.

2. Embracing Sustainability:
Sustainability lies at the core of our operations. As a responsible organization, we are proud to be one of the signatory companies of the UN Global Compact (UNGC). We integrate the UNGC principles into our practices, policies, and operations, with a particular focus on human rights, labor standards, environmental preservation, and combating corruption. By adhering to these principles, we contribute to the advancement of global sustainability goals while aligning our actions with internationally recognized standards.

3. Active Community Engagement:
We recognize the importance of active engagement with the community. Through our initiatives, we aim to make a positive impact, supporting the well-being and development of the communities we serve. We actively seek opportunities to collaborate with local organizations, government agencies, and community leaders to address social challenges, promote economic growth, and enhance the overall quality of life.

At AYA Bank, our commitment to the community extends beyond financial services. We are dedicated to fostering an inclusive and sustainable future, guided by our core values and international standards. Through responsible practices, meaningful engagement, and strategic partnerships, we strive to create a lasting and positive impact on the communities we serve.

At AYA Bank, we deeply understand the importance of contributing to the well-being of our communities and the individuals who call them home. To fulfill this responsibility, we have established a comprehensive Corporate Social Responsibility (CSR) Policy that guides our actions and ensures the generation of value for all stakeholders.

Our CSR initiatives go beyond philanthropy and are rooted in a socially responsible culture. We actively engage with various interest groups, including customers, suppliers, employees, shareholders, business partners, stakeholders, and the broader society. By doing so, we aim to create a positive impact on multiple fronts, fostering sustainable development and nurturing a sense of collective well-being.

Aligned with our CSR Policy, we promote activities that generate value for all stakeholders. These activities are designed to have a meaningful and lasting impact, addressing social, economic, and environmental challenges. Through our CSR efforts, we contribute to the communities we serve while upholding our commitment to responsible and sustainable business practices.

Incorporating CSR into our business strategy, we ensure that our operations reflect a comprehensive approach to social responsibility. We integrate sustainability considerations, ethical practices, and community engagement into our decision-making processes. By doing so, we strive to create shared value, where our business objectives align with the interests and needs of our stakeholders.
At AYA Bank, we believe that true success is not measured solely by financial performance but also by the positive impact we have on society and the environment. Through our CSR initiatives and sustainable business strategy, we are dedicated to making a difference, fostering a culture of social responsibility, and contributing to a better future for all.

3. For Staff

To ensure a highly competent and dedicated workforce by implementing transparent policies, and fostering staff well-being and goodwill
Our strategic goal for staff encompasses the following principles:

1. Equality and Inclusivity:
We are deeply committed to creating a workplace that upholds equal rights, responsibilities, and opportunities for all genders. We actively promote gender equality and have been honored with the globally recognized EDGE Certificate for Gender Equality awarded by the Business Coalition for Gender Equality (BCGE) Association. Through our policies and practices, we strive to foster an inclusive and diverse workforce where every individual feels valued and has the opportunity to thrive.

2. Transparent Policies:
We believe in transparency and clarity when it comes to our policies and procedures. We ensure that our staff understands the expectations placed upon them through the adoption of a comprehensive business code of ethics. This code outlines the standards of conduct related to ethics, values, environment, diversity, employee respect, and customer service. By providing clear guidelines, we establish a framework that guides our employees' behavior and helps maintain the highest professional standards.

3. Upholding Corporate Policies:
We hold our staff to the highest standards of professionalism and conduct, both in their work and general behavior. Our corporate policies serve as guiding principles for our employees, ensuring that they adhere to ethical practices and comply with the policies set forth by the organization. We expect our staff to embrace these policies and contribute to maintaining the reputation and integrity of AYA Bank.

At AYA Bank, we are dedicated to cultivating a positive work environment that values and supports our staff. We prioritize their well-being, personal growth, and professional development. By creating a culture of respect, transparency, and accountability, we foster a workforce that is highly motivated, committed, and equipped to deliver exceptional service to our customers and stakeholders.

The well-being and safety of our employees are of paramount importance. We recognize the significance of creating a clear workplace health and safety program that not only protects our employees but also prevents accidents and injuries. By implementing robust health and safety policies and procedures, we ensure compliance with government legislation related to health and safety. This commitment enables us to provide a secure and healthy working environment where our employees can thrive and contribute effectively.

In addition to ensuring a safe workplace, we are dedicated to enhancing the skills and capabilities of our employees. We organize comprehensive learning and development programs that empower our staff to go above and beyond in their roles. These initiatives encompass training sessions, workshops, and other developmental opportunities that enable our employees to acquire new skills, expand their knowledge, and stay abreast of industry trends. By investing in their growth and professional development, we foster a culture of continuous learning and equip our employees with the tools they need to excel in their careers.

Recognizing the importance of education, we understand the value of supporting our staff who choose to pursue part-time education programs. To accommodate their educational pursuits, we initiate flexible working hours, allowing them to balance their work responsibilities with their educational commitments. This flexibility enables our employees to further their education, broaden their horizons, and achieve their personal and professional goals.

We prioritize the holistic well-being of our employees, fostering a culture that values their health, safety, and personal growth. By providing a safe working environment, offering learning and development opportunities, and supporting educational pursuits, we strive to create a workplace that nurtures and empowers our staff to reach their full potential.

4. For Shareholders

To build sustained shareholder value through rapid growth international standards of governance, risk and compliance
Our strategic goal for shareholders focuses on the following principles:

1. Governance, Risk, and Compliance:
Our Board of Directors and executive management team work in close collaboration to ensure that we comply with relevant laws, regulations, and industry best practices. We have established effective governance structures that provide guidance for sound decision-making, accountability, and transparency. By upholding high standards of corporate governance, we strive to meet our responsibilities to all stakeholders, including our valued shareholders.

2. Risk Identification and Management:
We recognize the importance of identifying and managing potential risks to safeguard the assets of the bank and its shareholders. We have robust risk management frameworks and processes in place to identify, assess, and mitigate risks effectively. By proactively managing risks, we aim to protect the interests of our shareholders and ensure the long-term sustainability of our business.

3. Balanced Stakeholder Interests:
At AYA Bank, we believe in serving the interests of shareholders, customers, and employees in a well-balanced manner, both in the present and the future. We are committed to creating value for our shareholders by driving sustainable growth and profitability. Simultaneously, we prioritize the needs and satisfaction of our customers, ensuring they receive exceptional service and products. Furthermore, we value our employees as key contributors to our success, fostering a supportive and rewarding work environment that recognizes their contributions.

By adhering to international standards and embracing the principles of governance, risk management, and compliance, we strive to create an environment of trust, stability, and sustained shareholder value. At AYA Bank, we are dedicated to maintaining the confidence of our shareholders while pursuing strategies that drive growth and profitability, thus ensuring a prosperous future for all stakeholders involved.

We understand the importance of taking a long-term view in creating value for our shareholders. We are committed to fostering constructive and meaningful communication with our shareholders, recognizing their vital role in the success of our organization.

Transparency and commitment to our shareholders are top priorities for us. We strive to build trust through open and transparent communication channels. By providing accessible, accurate, and timely information, we ensure that our shareholders are well-informed about the company's performance, strategy, and key developments. We strictly adhere to our duties to inform shareholders, fulfilling our responsibilities to provide comprehensive and reliable information.

We recognize that effective communication is a two-way process. We actively engage with our shareholders, listening to their perspectives, feedback, and concerns. By maintaining a dialogue, we can better understand their expectations and incorporate their insights into our decision-making processes. We value the trust placed in us by our shareholders and are committed to nurturing strong relationships built on transparency, integrity, and mutual respect.

As part of our commitment to transparency, we comply with all regulatory requirements and best practices governing shareholder communication. We go beyond mere compliance, aiming to exceed expectations and deliver clear and concise information that enables our shareholders to make informed decisions.

At AYA Bank, we view our shareholders as long-term partners in our journey toward sustained growth and success. By prioritizing transparency, commitment, and trust in our communication efforts, we aim to build enduring relationships and ensure that our shareholders have the necessary information to confidently participate in the company's progress.

CORPORATE MILESTONES

2010

2 July
- Obtained Banking License from the Central Bank of Myanmar

14 July
- Registered as a Private Company Limited by Shares

11 August
- Established AYA Bank Ltd. and opened its first branch in Nay Pyi Taw

2011

24 October
- Obtained Money Changer License from the Central Bank of Myanmar

8 November
- The first Bank to implement a Centralized Core Banking System

21 November
- Launched ATM operations

25 November
- Obtained Authorised Dealer License from the Central Bank of Myanmar

23 December
- Obtained Money Transfer Service License from the Central Bank of Myanmar

2012

2 February
Launched Maybank Money Express Service

9 July
- Obtained approval for Foreign Currency Account, SWIFT Telegraphic Transfer and Letter of Credit (LC) from the Central Bank of Myanmar

17 August
- Became member of United Nations Global Compact (UNGC) with commitments in areas of human rights, labour, environment and anti-corruption

14 September
- Became member of Myanmar Payment Union (MPU)

2013

23 February
- Launched AYA Q-Remit Money Transfer Service

4 June
- Signed with Western Union Financial Services Inc. for Money Transfer Service

11 June
- Obtained Principal License from VISA Payment Network

1 July
- Obtained Principal License from MasterCard Payment Network

September
- Received 'Best Private Bank Myanmar' award from World Finance

2014

31 March
- Launched AYA World Travel Card (Prepaid Card)

21 May
- Reached AYA total deposit ONE TRILLION

17 June
- Obtained approval for AYA i-Banking Service from the Central Bank of Myanmar

27 June
- Launched AYA i-Banking Service

July
- Received 'Banker of the Year 2014' from the Myanmar Times
- Received 'Global Banking & Finance Review Award 2014' for Fastest Growing Retail Bank in Myanmar, 2014
- Received 'Global Banking & Finance Review Award 2014' for Most Innovative Banking Services (AYA i-Banking) Myanmar, 2014

September
- Received 'Best Private Bank Myanmar' award from World Finance
- Received 'Best Retail Bank Myanmar' award from World Finance
- Set up administrative head office at ROWE building

31 December
- Opened AYA 100th Branch in Yangon Division

2015

January
- Set up Data Center which incorporates cutting-edge information technology infrastructure and networking equipment

16 January
- Launched m-Banking to access financial services 24/7 from customers' mobile device

April
- Received 'Myanmar Highest Tax Payer Award' for including in top 10 large tax payers for the tax assessment year 2013-2014

26 May
- Launched AYA Royal Banking to provide exclusive financial solutions for premium customers

2 July
- Collaborated with OCBC Bank for international transfer

15 July
- Launched 'Bill Payment Service' in collaboration with Yangon City Development Committee (YCDC)

September
- Obtained 'Best Private Bank, Myanmar' 2015 by World Finance
- Obtained 'Best Banking Group, Myanmar' 2015 by World Finance
- Obtained 'Most Sustainable Bank, Myanmar' 2015 by World Finance

31 December
- Launched AYA Credit Card to provide customers a convenient way of borrowing money

2016

March
- Received 'Myanmar Highest Tax Payer Award' for including in top 10 large tax payers for the tax assessment year 2014-2015

1 April
- First institution in Myanmar to adopt full compliance with International Financial Reporting Standards (IFRS)

28 July
- Launched MPU-UPI Co-Brand Prepaid Card

16 August
- Launched AYA-JCB-MPU Co-Brand Prepaid Card

17 September
- Launched JICA Two Step Loan for SMEs

October
- Obtained 'Best Privat e Bank, Myanmar' 2016 from World Finance
- Obtained 'Best Banking Group, Myanmar' 2016 from World Finance
- Obtained 'Most Sustainable Bank, Myanmar' 2016 from World Finance

November
- Launched Education Loan for students attending at private institutions

31 December
- Opened AYA 200th Branch at River View Building, Yangon

2017

31 January
- Received 'Myanmar Highest Tax Payer Award' for including in top 20 large tax payers for the tax assessment year 2015-2016

2 June
- Partnered with Misys for the Bank's transformation program to digitalize operations and improve overall efficiency

14 November
- Introduced First Corporate Credit Card in Myanmar 'AYA Universal Corporate MPU-JCB Co-Branded Card'

25 November
- Launched 'Automobile Hire Purchase Loan' to introduce customers with the easiest and convenient financial plan to purchase vehicles

2018

March
- Launched 'Home Loan' that customers can afford to own your desired apartment or condominium or landed house.
- Used CBM Net's Customer Credit Transfer(CCT) function, an upgraded payment system for easy and fast transfer
- Received 'Best Domestic Bank' award from Asiamoney

May
- Received 'Myanmar Highest Tax Payer Award' for including in top 20 large tax payers for the tax assessment year 2016-2017

August
- Launched 'MFI Lending' to provide microfinance to clients

November
- Launched 'Agriculture Loan' to finance SMEs in the agriculture sector

2019

24 January
- Received 'Myanmar Highest Tax Payer Award' for including in top 10 large tax payers for the tax assessment year 2017-2018

January
- Launched new deposit product; 'AYA Su-Buu' designed for payroll customers

March
- Received 'Best Bank for CSR' award from Asiamoney
- Received 'Best Bank for SMEs' award from Asiamoney

May
- Launched new deposit product; 'Business Account Call Deposit' designed for large corporates
- Received globally recognized EDGE certificate for 'Gender Equality' in working environment

October
- Upgraded to 'AYA Mobile Banking 2.0' for banking customers to use the bank services on a day-to-day basis

November
- Introduced 'DBS to AYA Remit (Inward)', a convenient way to send money

31 December
- Launched digital wallet solution, 'AYA Pay' for convenient payments and transfers

2020

10 August
- Received 'Myanmar Highest Tax Payer Award' for including in top 10 large tax payers for the tax assessment year 2018-2019

11 August
- Opened 265th branch in Kachin State

September
- Established quarantine camps and an emergency temporary hospital to treat patients of COVID-19, in collaboration with the Ayeyarwady Foundation

2021

23 March
- Received 'Best Bank for CSR' award from Asiamoney

11 August
- Upgraded to Core Banking System Essence 7

2022

March
- Reached ONE MILLION customers for AYA Pay digital wallet solution
- First Bank in Myanmar to launch the international remittance saving account "Ngwe Toe Mae-Shwe O"

October - November
- Organized 'AYA Banker Quiz' learning and competition program for staff from all levels of the bank to build up internal relations and improve industrial knowledge

December
- Conducted 'AYA Express Zay' event to offer visitors one-stop digital banking services
- Incorporated as Public Company Limited (PCL) to create long-term growth

2023

2 February
- Signed MOU between AYA Bank and UMFCCI on development of MSMEs

11 May
- Launched 'AYA Green Financing' for Electric Vehicles to enable accessible and eco-friendly mobility options for the community.

20 May
- Signed a strategic partnership between AYA Bank and MYANWEN, the Myanmar Women Entrepreneurs Network, to empower SMEs across Myanmar

9 June
- Partnership with 'Ria', the renowned money transfer service, to offer seamless and secure international remittance services.

3 Nov
- Released AYA Pay n3x version with newly added features: Light Mode and Dark Mode, Group Deals, Food Pre-order System, AIA Lead Gen.

2024

7 March
- Achieved PCI DSS Certification v3.2.1 to comply with world security standards

29 March
- Received the regional level of GEARS (Gender Equality Assessment, Results and Strategies) certificate for workplace gender equality

AWARDS AND RECOGNITION

AYA Bank Awards & Recognition

As a leading private bank in Myanmar, we are proud of our products and services delivered to customers is awarded by well known financial publications and awarding bodies.
These awards and accolades reflect the dedication of our colleagues at every level of the bank.

Sr.	Year	Title of Award	From
1.	2013	Best Private Bank, Myanmar	World Finance Awards
2.	2014	Best Private Bank, Myanmar	World Finance Awards
3.	2014	Best Retail Bank, Myanmar	World Finance Awards
4.	2014	Fastest Growing Retail Bank, Myanmar	Global Banking and Finance Awards
5.	2014	Most Innovative Banking Services, MM	Global Banking and Finance Awards
6.	2014	Banker of the Year	The Myanmar Times
7.	2015	Best Private Bank, Myanmar	World Finance Awards
8.	2015	Best Banking Group , Myanmar	World Finance Awards
9.	2015	Most Sustainable Bank, Myanmar	World Finance Awards
10.	2016	Best Private Bank, Myanmar	World Finance Awards
11.	2016	Best Banking Group , Myanmar	World Finance Awards
12.	2016	Most Sustainable Bank, Myanmar	World Finance Awards
13.	2017	Best Retail Bank, Myanmar	World Finance Awards
14.	2017	Best Commercial Bank, Myanmar	World Finance Awards
15.	2017	Best Regional Banking Partner, Southeast Asia	CFI.co Awards
16.	2017	Myanmar’s Best Bank for CSR	Asiamoney Awards
17.	2018	Myanmar’s Best Domestic Bank	Asiamoney Awards
18.	2019	Myanmar’s Best Bank for SMEs	Asiamoney Awards
19.	2019	Myanmar’s Best Bank for CSR	Asiamoney Awards
20.	2019	EDGE Certificate for Gender Equality	The Business Coalition for Gender Equality (BCGE)
21.	2020	Myanmar's Best Bank for SMEs	Asiamoney Awards

BOARD OF DIRECTORS

U Zaw Zaw

Founder and Chairman (Non-Executive)

U Zaw Zaw is a successful business magnate and Founder and Chairman of AYA Bank. He is graduated from the University of Yangon with a major in Mathematics. With a combination of overseas experiences and personal strength, U Zaw Zaw founded Max Myanmar Company in 1993 and AYA Bank in 2010. His achievements include steering the management and growth of AYA Financial Group and Max Myanmar Group of Companies, major conglomerates in Myanmar. He is an established and well-connected entrepreneur and business leader in Myanmar, with 30 years of management experience.

He is currently serving as the President of the Myanmar Football Federation since 2005 and Senior Vice President of Asean Football Confederation (AFC). He relentlessly provides both funding and effort for the development of soccer in Myanmar. As a firm believer of contributing to the society and helping the needy, he has supported various philanthropic causes through the Ayeyarwady Foundation, including the Yankin Children Hospital, Ayeyarwady Covid-19 Center, and a wide range of corporate social responsibility initiatives nationwide.

Daw Khin Saw Oo

Executive Chairman

Daw Khin Saw Oo, a veteran banker of over 40 years of experience in monetary and financial sector, is the Executive Chairman and a member of the Board of Directors of Ayeyarwady Bank (AYA Bank PCL.). She held the position of Vice-Chairman since she joined the AYA Bank in 2018. She is one of the driving forces of AYA Bank's move towards a more accountable, responsible, and transparent organization. Her visionary leadership and zealous efforts resulted her in re-designation as the Executive Chairman of AYA Bank in May 2021.

She was formerly, the Deputy Governor of the Central Bank of Myanmar and had the vast exposure to numerous ASEAN and International financial platforms during her Deputy-Governorship including high-level task force of Asean Bankers, ASEAN and EU-ASEAN meetings, expert level meetings on financial sector vigilance and Annual General Metings of World Bank and the International Monetary Fund (IMF). She has been working closely with senior bank officials of ASEAN countries. She has been elected as the Chairperson of the Myanmar Banks Association for two years term since May 2021 and successfully served as the Chairperson of the ASEAN Banks Association from 2021 to 2023.
She holds a master's degree in International Affairs (Economic Policy Management) from Columbia University of New York, U.S.A. She got her bachelor's degree of Economics (Mathematical Statistics) and a Diploma in Economic Planning from the Institute of Economics, Yangon.

Daw Htay Htay Khaing

Vice-Chairman (Non-Executive)

Daw Htay Htay Khaing has been the Co-Founder and Vice-Chairman of the Board of Directors since the Bank's inception in 2010. Daw Htay Htay Khaing had completed a Bachelor of Science in Mathematics awarded by the University of Yangon. She demonstrated the high degree of commitment to the growth of AYA Bank. Her accolades do not stop here. She has contributed extensively to the welfare of women in various sectors and plays active roles as a Vice-Chairperson with the Myanmar Women Football Association and as a Trustee with the Myanmar Women Sports Association.

U Than Zaw

Vice-Chairman (Executive)

U Than Zaw is a member of the Board of Directors of AYA Bank and presently holds the position of Vice-Chairman. He was appointed as the Managing Director to AYA Bank from 2011 to 2013. During his tenure, he has led the fledging Bank to grow its brand and network in Myanmar. He also heads AYA SOMPO Insurance as a Vice-Chairman. U Than Zaw's vast experience includes eight-year tenure with the Olympics Committee as a Treasurer and another two years as the Chief Executive Officer of the Myanmar Football Federation. He is instrumental in strengthening systems and procedures by taking initiatives. U Than Zaw has been giving the guidance at Board level regards to policies, practices to ensure the bank in full compliance with stipulated laws and regulations.

Daw Khin Ma Ma

Vice-Chairman (Executive)

Daw Khin Ma Ma is a member of the Board of Directors of AYA Bank since 2010 and presently holds the position of Vice-Chairman. She has been appointed as Deputy Managing Director in 2011, Executive Director in 2013 and currently re-appointed as Vice-Chairman in 2022 due to her strong commitment and constant demonstration on effectiveness of the Board and Bank's strategic direction. She obtained a bachelor's degree in Science from University of Yangon.

Daw Khin Ma Ma brings along with her a wealth of cross- sector experience gained through her 17 years in the service industry. With her passion for delivering quality service, she has improved services providing in all branches to a higher level. She plays a pivotal role in human resources management, provides guidance for talent strategy, and leads in all aspects of human resources and talent management.

U Myint Zaw
Chief Executive Officer

U Myint Zaw is a member of the Board of Directors of AYA Bank. He has been appointed as Managing Director in 2017, re-appointed as Senior Managing Director in 2021 and Chief Executive Officer in 2022 for his growth initiatives, leadership abilities, and managing the strategic direction of the Bank. He graduated with B-Econ (Economics) and received a Master of Public Administration (MPA) as well. He held various senior positions in Advertising and Marketing for well-established and reputable international and local companies in the private sector.

His professional background comes from over 25 years of working experience from different industries in Agriculture, Advertising, Commodity Future Market, Beverage and Soft Drink Industry, Telecommunications and Education. Before joining AYA Bank, U Myint Zaw founded Professional Marketers Association (PMA) and developed Ground Solution Company that provided management and consultancy services. His strong knowledge of marketing and operations in theory and practice rendered invaluable service for the bank. He has proven track record of delivering business impact and optimization of marketing that brings up sustainable and a strong corporate culture and promoting the service quality.

Professor Dr. Aung Tun Thet
Independent Non-Executive Director

Prof. Dr. Aung Tun Thet was appointed as Independent Non-Executive Director of AYA Bank in 2013, providing specialist advice in areas of Corporate Governance, Management, Human Resource and Corporate Social Responsibility (CSR) activities.

During his career, he built a wealth of working experience as a distinguished International and National Civil Servant in the United Nations as well as in Myanmar civil service. He is currently holding the portfolio as an advisor for the Government sector, business community and civil society organizations. He also plays the role as a management consultant in areas of Management, Leadership, Human Resources, Organizational Development and Corporate Governance for various companies. He holds the position of Honorary Professor at University of British Columbia, Vancouver, Canada as well as Visiting Professor at Yangon University of Economics and Yangon University. Prof, Dr. Aung Tun Thet is a leading advocate of Corporate Governance and Corporate Social Responsibility (CSR) in Myanmar.

U Min Sein
Independent Non-Executive Director

U Min Sein was appointed as an Independent Non-Executive Director of AYA Bank in 2013. He is an accomplished lawyer who is an Advocate of the Supreme Court, a Certified Public Accountant and has been practicing law since 1972. He is the Managing Partner of U Min Sein Law Firm (Yangon), a member of Asia Law Alliance, in association with Christopher Bridges (Singapore). Within his illustrious Curriculum Vitae, he has served as legal advisor to the Embassies, Corporates and Multinational Companies in various industries.

As part of his contribution to the society, U Min Sein served as a lecturer in Commercial Law at the Auditor General's Office for twenty years and lecturer in Commercial law to Certified Public Accountant (CPA). He is a Founding Member and Management Committee Member of U Hla Tun Hospice, Cancer Foundation, a charitable organization in Yangon. He demonstrates high sense of duty and responsibility and serves in various capacities of the law across all functional areas at AYA Bank.

U Aung Naing Maung Maung
Independent Non-Executive Director

U Aung Naing Maung Maung was nominated as an Independent Non-Executive Director (INED) of AYA Bank in 2023 and appointed in 2024. He is a member of Chartered Global Management Accountants (UK), a member of the Association of Chartered Certified Accountants (ACCA), a Certified Public Accountant (CPA), and obtained a bachelor's degree in Commerce from Yangon Institute of Economics. He brings a strong accounting service background and extensive financial consulting experience to the Board. Having more than twenty years of professional experience in the audit and finance field, he oversees regulatory compliance and ensures financial viability of the Bank.

As an owner and managing partner of Financial Consultant and Auditing Group, U Aung Naing Maung Maung outperformed in business dealings. He has proven records of strong academic skill in educational programs and currently, he is the founder and rector of Finance and Management Institute and a lecturer for CPA - Part II. He is also having an exposure of different business sectors both local and international firms during his tenure of five years as the Head of Business Administration and Finance Department and three years as the Chief Accountant.

Daw Jasmine Thazin Aung
Deputy Chief Executive Officer

Daw Jasmine Thazin Aung is the Managing Director – Head of Corporate Banking of AYA Bank and she has been re-appointed as Deputy Chief Executive Officer in 2023. In her capacity with AYA Bank, she takes charge of Corporate Banking Business and Financial Institutions establishment. She is a member of the Executive Committee of AYA Bank.

In addition to her Dy CEO – Head of Corporate Banking role, she also co-heads and takes several roles with AYA Financial Group ("AFG"). With AFG, she takes charge of AYA Trust Securities Co., Ltd as the Managing Director for Capital Market Activities including securities brokerage and Corporate Finance Transactions, and she is also the member of the Board of Directors of AYA SOMPO Insurance Co., Ltd. From her capacity with Corporate Finance activities, she oversees and monitors diversified investment portfolios that includes existing, on-going, and new business ventures of Chairman's investment office as well new Mergers and Acquisitions ["M&A"], Joint Ventures with Potential Partners for AYA Financial Group's entities and/or investment in new ventures.

She holds a master's degree in Business Administration (Corporate Finance) from Nottingham Trent University. Before joining AYA Financial Group and Max Global Investment, she was a PwC Advisory Partner and local Lead Director/Partner for PwC Myanmar. She has over 16 years of professional experiences including 11.5 years with PwC Singapore and PwC Myanmar for audit, financial advisory and consulting and 5 years in the Maritime service industry in Myanmar.

Leading Capabilities

7 Trillion MMK
ASSETS*

334 Billion MMK
EQUITY*

140 Billion MMK
PAID UP CAPITAL

260
BRANCHES*

623
ATMS*

162
EXCHANGE COUNTERS*

Over 6,500
EMPLOYEES*

* As at March 2024

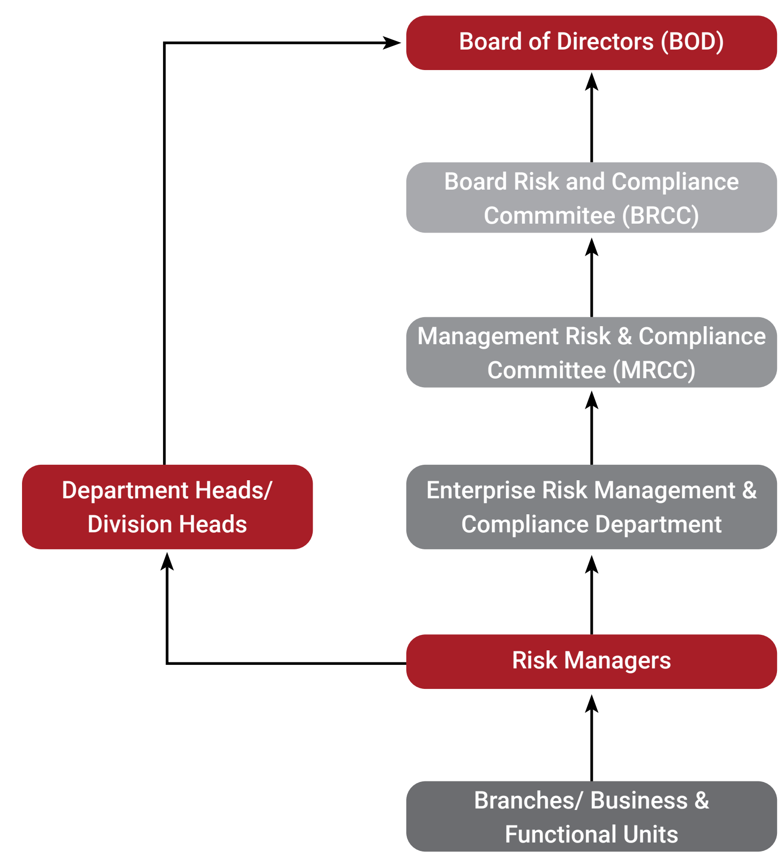
RISK MANAGEMENT

AYA Bank acknowledges the critical need for an effective risk management system to address potential threats to its operations. It adopts a risk management policy, demonstrating its cognizance of the importance of instituting an Enterprise Risk Management (ERM) strategy.

The Bank's Board is dedicated to allocating adequate personnel and resources to guarantee the successful execution of this ERM program. AYA Bank will uphold an ERM policy and framework that unifies various risk aspects. This ERM policy is not meant to supersede existing risk and compliance initiatives, but rather aims to act as a consolidated umbrella for all the risk management programs already established.

Risk Governance

Reporting lines of Risk Management Function



Define the overall strategic direction and tolerence level of each indentified key risk element facing the Bank.

Define the overall strategic direction and tolerence level of each indentified key risk element facing the Bank.

Drive the risk awareness, risk policies and ensure a risk culture enviroment is embedded in all levels of the staff within concerned units.

Perform the functions of risk identification, risk analysis and evaluation, risk monitoring and mitigation and risk controls. Coordinate to ensure risk managers to timely report to ERMC

Coordinate the implementation of risk management process at business and functional units, prepare risk register and and report to EMRC

Perform their daily operational functions with risks perceptions by following the policies, guidelines set by the bank.

The Audit, Risk and Compliance Committee (ARCC) was established in 2014. In 2018, it was elevated to the Board level and split into two separate entities: the Audit Committee (AC) and the Board Risk and Compliance Committee (BRCC). The BRCC aids the Board in meeting its supervisory responsibilities concerning risk management, compliance, and the preservation of ethics and integrity in compliance with current laws and regulations. In fulfilling its oversight role, the Committee carries out the tasks and responsibilities defined in the Risk and Compliance Committee Charter.

The Board Risk and Compliance Committee is entrusted with the following duties:

- Developing policies tied to risk management that align with the strategic direction and overall risk appetite as determined by the Board of Directors.
- Guaranteeing that the Senior Management abides by the risk tolerance boundaries set and suggesting adjustments as necessary in response to significant shifts in the internal and external environment.
- Consistently supervising and evaluating the effectiveness of the Risk Management Policy.

Enterprise Risk Management Department

The Enterprise Risk Management Department holds the responsibility for the oversight of AYA Bank's Enterprise Risk Management (ERM) framework and provides counsel on risk management across all branches and the entirety of the bank's business operations.

The obligations and duties of the Enterprise Risk Management Department include:

- Recognizing and managing potential risk zones to safeguard the bank's and its shareholders' assets,
- Evaluating if the correct risks have been identified and are being appropriately managed,
- Acknowledging the current areas of highest risk (both financial and non-financial) and regularly reviewing these sectors,
- Receiving frequent updates from management, the Bank's legal team, auditors, and any necessary external parties concerning audit, financial reporting, and risk management.
- Assessing the adequacy of the management Information & Intelligence Systems for the effective management of the bank's customers and business – for instance, risks and profitability,
- Reviewing and tracking the effectiveness of the bank's controls concerning credit, operational, and financial risks.

Risk Management Control

Effective risk management is fundamentally reliant on competent management and staff. It's crucial that personnel comprehend the Bank's mission, risk appetite, core values, policies, and processes. The management is tasked with creating and maintaining an organizational structure that guarantees clear delineations of responsibility, accountability, and supervision. Senior Management ensures the independence and prominence of personnel engaged in risk management and audit.

Three Lines of Defense Model

For successful risk management governance that encompasses all potential risks, responsibilities are assigned across different units of the Bank. These assignments form three distinct lines of defense.

The First Line of Defense is executed by business units where risks are taken. As part of their everyday operations, staff in these units are at the forefront of accurately identifying, assessing, managing, and reporting risk exposures. This is done in line with the Bank's risk appetite, policies, procedures, and controls.

The Second Line of Defense is delivered by the independent risk management and compliance functions. The risk management function primarily oversees the Bank's risk-taking activities, carries out risk assessments, and reports independently from the business units. Meanwhile, the compliance function ensures adherence to laws, corporate governance rules, and internal policies.

The Third Line of Defense is ensured by an independent internal audit function. Their responsibility lies in offering assurance on the effectiveness of the Bank's risk management framework, including the risk management governance arrangements (incorporating the first and second lines of defense).

Effective risk management necessitates a reporting and review structure to ensure risks are effectively identified and assessed, and appropriate controls and responses are implemented. Regular audits of policy and standards compliance are conducted, and standards performance is reviewed to pinpoint areas for improvement.

Considering we operate in evolving environments, changes within the Bank and its operating context are recognized, and necessary adjustments are made to systems. The monitoring process guarantees that there are appropriate controls for the Bank's activities and that the procedures are understood and adhered to.

Managing Risk

Credit Risk Management

The Credit Department within the Risk Management Unit is responsible for the comprehensive management of credit risk. This department drafts and administers credit policies, the internal rating system, credit authority guidelines, credit application guidelines, manages nonperforming loans (NPLs) and other aspects of credit portfolio management. The department also cooperates with the Enterprise Risk Management Department in quantifying credit risk (risk capital and risk-weighted assets) and controls the Bank's entire credit risk.

The Credit Department is responsible for handling NPLs of borrowers classified as potentially bankrupt or lower, drawing up plans for their workouts including write-offs, and corporate rehabilitation. The department closely liaises with Business Units which engage in related services and works to efficiently reduce the amount of NPLs by such means as the sell-off of claims. Lending portfolios are classified and monitored based on the nature of the borrowers such as Corporate, SME and Retail.

Internal Audit Department is operating independently of the business units, audits asset quality, accuracy of gradings and self-assessment, and state of credit risk management, and reports the results directly to the Board of Directors and the Audit Committee.

Market and Liquidity Risk Management

The Assets-Liability Committee authorizes important matters relating to the management of market and liquidity risks, such as basic policies and risk limits decided by the Treasury Department. Furthermore, the Committee meets monthly basis to examine reports on the state of observance of Bank's limits on market and liquidity risks and to review the Bank's Access Liability and Management operations.

The Enterprise Risk Management Department not only monitors the current risk situations in the market, but also reports regularly to the Board Risk and Compliance Committee and the Board.

Operational Risk Management

Bank has designed and implemented an operational risk management framework as per Risk Management Guidelines of the Central Bank of Myanmar. The Executive Management Committee of the Bank makes decisions on important matters such as basic policies for operational risk management, and these decisions are further authorized by the Board, if needed. In addition, the Bank has established its Operational Risk Management function, within the Enterprise Risk Management Department as an integrated operational risk management function. This Section works together with other operational departments responsible for controlling processing risk and system risk.

The operational risk management outlined as follows: operational risk is managed by (a) collecting and analyzing internal loss data, and (b) comprehensively identifying risk scenarios in each business process through a regular risk control assessment to estimate the loss severity and frequency.

Operational risk impact is assessed for each risk scenario. When high-severity scenarios are identified, each branch and department establish a risk mitigation plan, and the Operational Risk Management Department monitors the progress. Related Risk Managers who are assigned from each department are needed to submit Risk Register to the Board Risk and Compliance Committee. Furthermore, operational risk is quantified using the internal loss data and scenarios, and the results of quantification are used to manage and reduce operational risk. The Committee comprises all relevant units of the bank, where operational risk information is reported, and risk mitigation plans are discussed.

The operational risk situation is also reported to the Board of Directors on a regular basis, for review of the basic policies on operational risk management. Moreover, the Bank's independent Internal Audit Department conducts periodic audits to ensure that the operational risk management system is functioning properly.

SUSTAINABILITY

We are committed to create a better tomorrow for Myanmar, hence we keep embedding "Sustainability" at our heart. It is integrated into every part of our business, from Bank's operations to our corporate culture and communications.

We are obligated to adopt a set of principles while implementing Bank's strategies that will mainly focus on treating the internal and external customers and communities that we serve, using natural resources responsibly, and for long-term investment. It is very important to consider how our business practices impact and beneficial to others environmentally, economically, and socially. Only a proper balance between aspects of environmental, economic, and social could only lead to long-term sustainable development.

Furthermore, culture is essential in building sustainability right across the Bank's operations and we practice the principle of "setting the tone at the top". Our strong leadership and an engaged corporate culture encourage sustainable business practices throughout the Bank.

Improving People's Quality of Life

Broad-based financial inclusion is the enabler of the Sustainability and is of utmost importance today. Myanmar Government is placing a heightened focus on financial inclusion to improve people's quality of life. Financial institutions play an important role in offering individuals and businesses access to useful and affordable financial products and services.

In this regard, we always focus on creating fundamental financial products and services that can contribute to the community as many people as possible for being accessible to credit cards, loans, and insurance. In being socially responsible, financial inclusion is essential and can advance sustainable investment within economic growth.
Connecting the unbanked population to the financial system via digital wallets is one of the simple and effective way. In 2019, the Bank introduced AYA Pay digital wallet and drive a lot of value to both unbanked and underbanked populations. Improving financial inclusion with e-wallets helps make a tangible social impact. Emerging technologies like AYA QR codes have entered the market to help customers streamline online payments.

Embracing Human Rights

AYA Bank believes that human rights are important to successful and sustainable social development, and accordingly the Bank considers it is imperative to mainstream human rights issues in all its operations. AYA bank has its own Human Rights Policy and Code of Ethical Conduct which are adopted from Universal Declaration of Human Rights and the Ten Principles of UNGC. Align with strong policies, we honor human rights practically in all aspects for following key stakeholders:

For Employees

Relevant sessions of the human rights policy are incorporated in the staff orientation and trainings along with workplace ethic and non-discrimination policy. The Bank established Standard Operating Procedure (SOP) on how to deal with human rights violations. The whistle blowing policy is also in place to allow raising concerns about any wrongdoing or malpractice of employees. To ensure the compliance and take necessary actions, HR committee reviews grievance reports regularly.

For Customers

We pay due regard to the interests of our customers and treat them fairly. People with good customer service skills are invaluable assets to the Bank. AYA Bank's external grievance handling procedure also provides an opportunity for customers to raise their grievance formally, related to the Bank's staff or service. Accordingly, problematic areas can be identified and improved to ensure smooth customer experience in the future. Grievance hotline has been set up for human rights grievances and customers are encouraged to report any suspected breach of human rights act through an established channel.

For Community

We encourage our staff to interact with community in a manner that respect human rights and recognize different culture. Our CSR initiatives intend to support community in various parts of Myanmar with diverse cultural backgrounds.
AYA Bank is the first bank to voluntarily undergo a human rights audit and to implement ILO recommendations. The Bank will continue to promote and advocate human rights norms and respect fundamental human rights for all our stakeholders.

Business Ethics

Ethics is the fundamental component for the society. We strongly believe that our business ethic drives our employees' behavior. We have clearly demonstrated to carry out work in the right way. The Bank has established the ethical code of conducts to promote the integrity among our key stakeholders, (such as employees, investors, and consumers) and it is continued to grow. It is very important that our employees are dedicated to ethical decision-making. By raising the culture and awareness among employees, the everyday behaviors, attitudes, and policies will affect the work environment. We shall create ethical workplaces where "High integrity and honesty" are the second-most important skill for us, next to professionalism.

Embracing our Commitment

We recognize that our business activities may impact upon the environment, both directly and indirectly, through our operations and, more broadly, in terms of land and energy usage, waste disposal, and pollution to water and air. The Bank shall ensure ecological balance and protects the environment by adopting environmentally friendly technologies / products and actively conducts environmental conservation activities.

Make a difference together!

Saving the earth seems big challenges for a person but it can be achieved collectively. We encourage everyone around us to start doing something environmentally friendly and to act as an advocator for the environment.

We need to ensure that, in our business operations, we are consuming our natural resources such as materials, land, water, and fossil fuel at a sustainable rate and with consideration for material scarcity. We are fully committed to improving environmental performance across all our business activities and will encourage our business partners and members of the wider community to join us in this effort.

Our environmental corporate social responsibility activities aim to reduce any damaging effects on the environment from our business operations. We adopt the highest environmental standards in all areas of operations, meeting and exceeding all relevant legislative requirements.

Paving the way for Green Financing!

Financial sectors play a vital role in the fight against climate change and for sustainable environmental development, we stand ready to support and stimulate green financing in Myanmar.

We encourage our SMEs and private individuals to strengthen the opportunities and to go green by utilizing and implementing eco-friendly products and services. This initiative plays an important part to social risks, reducing the environmental carbon footprint from industrial operations and projects, and support reductions in climate change risk and mitigating the effects of adverse climate events, enable customers to comply with environmental laws and regulations.

Plant the Trees for Next Generation

Tree planting projects are conducted annually at the Bank to promote the conservation of our natural resources. These tree planting efforts will ensure our country conserves biodiversity and our legacy as well. By planting thousands of trees, we will be providing most organic means, which is arresting carbon from the atmosphere. This will help saving and maintaining a healthy environment and ecosystem.

Reducing Air pollution

We are committed to air pollution prevention, in an effort to solve one of the direct environmental problems. Certain measures are adopted to contribute towards the prevention of air pollution within organization.

- Providing Transports arrangement for the employees and encouraged for carpooling – by reducing the amount of fuel combusted for an individual's transportation needs, we can lower the amount of air pollutants being released into the atmosphere and cause less air pollution. Furthermore, these options are also economically efficient, convenience for daily commuting.
- Reusing and recycling products – Practices Reusing methods and utilize Recycling products in our daily operations, workplace, and communications materials.

Go Digitization and make positive effects on the planet

The waste produced by paper does great harm to our ecosystem. Reducing wasteful paper consumption and ensuring fair use is the first goal of our "Green Office, No Paper!" Vision, and the best way to reduce the negative environmental and social impacts that paper can cause. Taking a digitization initiative instead of working with papers goes a long way in protecting the Earth. Paper to digitization has been a new normal in Myanmar banking industry. We have eliminated majority of paperwork in day-to-day operations and ease the workload with digitization engagement. In this journey, we are encouraging customers to go paperless and to use e-services and online applications. This paperless document management enables us to serve seamless customer experience while cost-savings, improving compliance and be eco-friendly organization.

Recovery the impact of Digitalization!

Adoption of digitalization offers many opportunities and by harnessing these opportunities appropriately, digitalization can be steered to global sustainability, environmental stewardship, and human well-being. While we are creating more values with fewer resources and promoting digital technologies to increase service efficiency, we are also aware of the impact on the environment such as high energy consumption, e-waste associated with new technologies. In this regard, our consideration never left out to utilize the longer lifespan of electronic products to minimize e-waste and to save valuable resources.

Economic Sustainability in Our Banking Business

We believe that economic sustainability in business is about doing our business responsibly and building the bottom line without causing undue harm to the world around us. We shall not be creating a business model that is not only profitable for the Bank but also be responsible, ethical, and beneficial to society and the environment.

In all aspects of our business operations, we demonstrate our commitment to operating responsibly and making a positive impact. We shall grow the long-term social, cultural, and financial wellbeing of Myanmar by:

- Long-term planning
- Cost optimization
- Supporting Myanmar Small, Medium Enterprise
- Focusing on Retail Banking

Long-term planning – Vital process to ensure Sustainability.

We are obliged to create a path of sustainable and the most equitable development that leads to opportunities for the community we serve. In order to achieve this, it is essential that we shall set the goals, establish Bank's roadmap and lead for long-term economic sustainability initiatives and activities while identifying potential risk and opportunities. We are regularly conducting effective relationship building and strategic communications with our key internal and external stakeholders and ensures that the Bank's long-term strategic objectives are integrated and incorporated across Bank's business activities.

Cost Optimization -Towards Sustainability

In an effective organizational management, sustainability and cost optimization measures go hand in hand. Strategic cost optimization is imperative when economic conditions tighten and accelerate progress toward sustainability goals.

We analyze financial impact by rating the cost, performance optimization and growth potential. We adopt principles of cost optimization - balancing business goals with budget justification to create a cost-effective workload and looking at ways to reduce unnecessary expenses and improve operational efficiencies.

Supporting Micro, Small, and Medium Enterprise

Micro, Small, and Medium Enterprises (MSMEs) are the nation's primary economic engine. Being one of the major drivers of employment creation and development, MSME have positive social and economic benefits on the community. Myanmar has abundant natural resources, relies mostly on agriculture and livestock breeding tasks, and if our MSME business can be operated with the use of these resources, many advantages will be achieved. On this journey to support the economics of the country and to accelerate the progressive growth of MSME, we would make effort for MSME business running smoothly and enhance capital.

Focusing on Retail banking – Suit the Customers' needs.

Retail banking sector in Myanmar has been transforming at a fast pace. We are focusing on providing a greater range of retail banking services as "One-stop-shop retail banking destination" which are beneficial to individuals in the public and suit the customer needs both in developed and emerging markets.

Our strong network of 265 branches across the country is providing onsite customer service for all retail customer's banking needs. In the digital age, we are keeping up with the changes in technology and offer our services through online portal and mobile applications. This can limit the number of times a customer needs to go to branches to do business and influences key investment decisions for the Bank.

EMPLOYEE DEVELOPMENT

We value our people. We nurture, develop and respect them, celebrate their success together, and are respected for our highly professional approach. We take bold steps to invest in the trainings and development of workforce to become future-ready as the financial industry evolves.

Our Continuous Learning Journey

AYA Bank is committed to be at the forefront of the future of banking, with the ability of nurturing future talents. We help our people improve their competencies, gain new skills, increase the knowledge horizon, and grow them in both personal and professional lives. Continuous learning journeys are being provided to our employees for their capacity development and upgrading for future-proof skillsets. To fuel the culture of learning, we provide employees at all levels with access to the Bank's online learning portal which is reachable on their fingertips at any time. We organize strategy programs with global management consulting firms to develop new ways of thinking, and learn to lead with purpose.

Mentoring @ Workplace

We are constantly on the move of encouraging our people learning at every day from workplace and further development to ensure having the skills required for the jobs of today and tomorrow. We create an opened working culture for raising questions, learning from mistakes, developing new skills, and acquiring wisdom. It enables employee to get connected with those who have more experience and who can pass on their hard-earned knowledge and career advice. Furthermore, we use our collective capacity to foster partnership with colleagues for the purposes of learning and growth. By developing our employee at all levels, enabling the Bank to build a strong succession pipeline of future leaders.

Open opportunity for all

Whether you are a banking-experienced person or not, an experienced or fresh graduate, we are committed to offer equal employment opportunity and career advancement for all. We recognize the crucial need for innovation and the creation of fresh prospects, both within our organization and the broader society. By implementing a ‘Policy and Procedure for Non-discrimination’, we guarantee employment opportunities free from prejudice, regardless of race, religion, gender, age, or any other legally protected characteristics.

Performance Management

With the swift expansion of branches and the new functions assigned, it is more critical to place the right people at the right position in the right time. In that effort, performance management is a key success factor. Our performance management system is an ongoing process to identify talents for their strengths and areas of improvement; to craft their career paths. Managers try to create positive experiences to motivate employee and drive high performance. By utilizing modern-digital evaluating system (which includes strong Key Performance Indicators (KPIs) with Two-way Feedbacks and communication), we achieve continual development and progress of our people as well as their commitment to AYA Bank.

As being an employee at AYA Bank, you will find potential prospects to grow across the organization. To ensure the success of everyone in AYA, we offer both lateral and vertical career growth opportunities. A wide range of career support is placed to ensure our employee are continuously developing. The immediate reporting person will be guiding you to set clear career goals with positive feedbacks in achieving them. We also set the culture to take self-responsibility for chasing own career development. Our people management team recognizes the skill set of the individual employee, identifies development programs to help you strengthen quality of work and outreach to next level in career journey.

Meet Our People Growing With AYA

At AYA Bank, we give everyone opportunity to take ownership of their work – we empower them to be responsible for the successful execution of tasks and projects and write their own story. Our 6000+ employees are proud to be part of our vibrant, friendly and growing team.

Total Head count in 2023-2024

	♀ Women	♂ Men	Total
Total	3649	2932	6581

Training Data Year 2023-2024

Total Tranning Hours	3102.75
No.of Training Sessions	206
No.of Training Sessions	3,262

Covered Knowledge/ Skill Areas	
Functional	54%
Organizational Core	42%
Management and Leadership	4%

Training Received By Division/ HO	
Head Office	Division
956	2306

Training Received By Hierarchy						
Sr.Management	Management	Middle Management	Manager	Supervisor	Operation	Non-Clerical
9	18	84	979	728	988	456

LEARNING AND DEVELOPMENT

Learning and Development Department

AYA Bank is steadfast in its dedication to cultivating a culture of continuous learning and empowering its employees through meticulously designed and strategically aligned Learning and Development (L&D) programs. Anchored by a highly competent L&D department led by skilled professionals, the Bank ensures its workforce is well equipped with the critical skills and expertise needed to excel in an increasingly dynamic and digitalized business environment.

The fiscal year 2023-2024 underscores AYA Bank's substantial commitment to employee development,as reflected in the following key metrics:

1. Total Training Hours: Employees collectively completed 4,128 hours of training.
2. Number of Training Sessions: A total of 101 training sessions including banking system, digital banking technologies, soft skill, banking products & services, compliance, anti- AML & CFT awareness were conducted.
3. Employees Trained: 16,224 employees participated in various training programs.

These training initiatives encompassed staff at all levels, from senior management to non-clerical personnel. AYA Bank's investment in these L&D activities has not only contributed to the growth of the business but also played a pivotal role in enhancing employees' skills and fostering a progressive mindset.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility

A strong commitment in developing CSR Programs in covering a broad spectrum of compiled social, economic, and environmental issues often associated with rapidly changing society. The Bank's CSR allows to demonstrate values, employee engagement and public relations on the operations and choices being made, to ensure a sustainable future. The Bank's CSR policy creates and promotes behavior that generates value to all interest groups (customers, suppliers, employees, shareholders, business partners, stakeholders, environment and society) in the context of a socially responsible culture that is reflected in the implementation of a sustainable business strategy. Member of UN Global Compact (UNGC) and adheres to the UNGC Principles into our practices, policies, and operations by strengthening the areas of human rights, labor, environment and anti-corruption.

AYA Bank CSR for Community

AYA Bank has developed environmental policies that allows to fulfill our commitment to the environment. We implemented a monitoring mechanism to ensure that rules and regulations on environmental impact are adhered by employees, suppliers and vendors. AYA Bank introduced 'SME Green financing' to finance the Sustainable Manufacturing Projects to support transition to clean energy and environmental benefits. Tree planting program, energy saving and paperless internal system within organization were conducted continually. We promotes environmentally friendly practices and reduce our carbon footprints from our banking activities.

AYA Bank CSR for Employees

AYA Bank's is committed to create a better workplace where genders equality is key. Recognized by global certification such as EDGE Certificate for Gender Equality awarded by Business Coalition for Gender Equality (BCGE) Association. Regards to Staff Personal Development, AYA Bank organized Learning & Development programs to enhance their skills to go above and beyond. Staff flexible working hours is also initiated for staff joining part time education programs. AYA Bank accelerated digitalization for internal procedures and customer services, which significantly reduces physical contacts as well as enhances paperless banking pre and post COVID.AYA Bank also implemented 'Sharing with Care' program to provide necessities to non-clerical staff. As a humanitarian response, AYA Bank took care not only for the staff but also for their family by providing additional cash, and quarantine facility arrangement together with 'family care package' and 'healthcare package' in case of staff being tested positive for COVID-19 along with the vaccination programs Post COVID.

- AYA adopts the business code of ethics, which outlines employee conduct on issues such as ethics, values, environment, diversity, and employee respect and customer service.
- AYA creates a clear workplace health and safety program to protect employees and prevent accidents and injuries. It also helps to ensure compliance with government legislation on health and safety.

FINANCIAL STATEMENTS

AYA Bank PCL

AYEYARWADY BANK PUBLIC COMPANY LIMITED

Report of the directors

The directors present their report together with the audited financial statements of Ayeyarwady Bank Public Company Limited (the "Bank") for the year ended March 31, 2024.

1. DIRECTORS

The directors of the Bank in office at the date of March 31, 2024 are

- U Zaw Zaw
- Daw Htay Htay Khaing
- Daw Khin Saw Oo
- Daw Khin Ma Ma
- U Than Zaw
- U Myint Zaw
- Dr. Aung Tun Thet
- U Min Sein@Balawonikaykaray
- U Tun Lin Oo

2. PRINCIPAL ACTIVITIES

The principal activity of the Bank is to provide full banking services with two hundred and sixty branches across Myanmar.

3. DIRECTORS' INTEREST IN SHARES OR DEBENTURES

The directors holding office at the end of the financial year had no interests in the share capital of the Bank as recorded in the register of directors' shareholdings kept by the Bank , except as follows:

	Shareholdings registered in name of director	
Name of directors	**At beginning of Year or date of appointment, if later**	**At end of year**
U Zaw Zaw	1,036,000	1,036,000
Daw Htay Htay Khaing	170,000	170,000
U Than Zaw	34,000	34,000
Daw Khin Saw OO	30	30
Daw Khin Ma Ma	30	30
U Myint Zaw	30	30

4. RESULTS OF THE BANK

The financial position of the Bank as at March 31, 2024 and the financial performance of the Bank for the year then ended are set out on page 6 and page 7, respectively.

5. DIVIDENDS

No dividend has been proposed by the Board of Directors of the Bank for the year ended March 31, 2024.

6. AUDITORS

The financial statements have been audited by Moe Kyaw, Certified Public Accountant and Engagement Partner of Win Thin and Associates Limited.

On behalf of the Board of Directors,

Thazin Aung Chief Executive Officer AYA Bank PCL	Than Zaw Vice Chairman AYA Bank PCL	Khin Saw Oo Executive Chairman AYA Bank PCL

Date: August 20, 2024

AYEYARWADY BANK PUBLIC COMPANY LIMITED
STATEMENT BY DIRECTORS

The Directors are pleased to submit their statement to the members, together with the audited statement of financial position of **Ayeyarwady Bank Public Company Limited** (the "Bank"), the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows together with the notes to the financial statements for the year ended March 31, 2024. These have been prepared in accordance with the provisions of Myanmar Companies Law (the "Law") and the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

In case of IFRS 9 Financial Instruments: Impairment of Financial Asset, the Bank continues to apply International Accounting Standards 39, Financial Instruments: Recognition and Measurement with loan loss provisioning modified by the Central Bank of Myanmar ("CBM") Notification No. 17/2017, Asset Classification and Provisioning Regulations, and CBM Instruction Letter (No.12/2023) dated August 31, 2023 to all financial institutions for extension period till August 31, 2024 for full compliance and the Section 39 of Financial Institution Law ("FIL") 2016.

In the opinion of the Directors, the statement of financial position of the Bank and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows, together with the notes thereon, as set out on pages 10 to 56, are drawn up so as to give a true and fair view of the financial position of the Bank as at March 31, 2024, and the financial performance, changes in equity and cash flows of the Bank for the year then ended and at the date of this statement, there are reasonable grounds to believe that the Bank will be able to pay its debts when they fall due.

On behalf of the Board of Directors,

Thanzin Aung Chief Executive Officer AYA Bank PCL	Than Zaw Vice Chairman AYA Bank PCL	Khin Saw Oo Executive Chairman AYA Bank PCL

Date: August 20, 2024

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WIN THIN & ASSOCIATES LTD

CERTIFIED PUBLIC ACCOUNTANTS

Room (2B/2C) 1st Floor, Rose Condominium, No. 182/194, Botahtaung Pagoda Road, Pazundaung Township, Yangon Region, Myanmar. Tel: 95-1-8201798, 8296164, Fax: 95-1-8245671 Email: info@winthinassociates.com

Ref: 398/A-88/ March 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of AYEYARWADY BANK PUBLIC COMPANY LIMITED

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of **Ayeyarwady Bank Public Company Limited** (the "Bank"), which comprise the statement of financial position as at March 31, 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory informaton, as set out on pages 10 to 56.

In our opinion, the financial statements present fairly, in all material aspects, the financial position of the Bank as at March 31, 2024 and its financial performance and cash flows for the year then ended in accordance with the provisions of Myanmar Companies Law (the "Law") and the International Financial Reporting Standards ('IFRS"). In case of IFRS 9 Financial Instruments: Impairment of Financial Asset, the Bank continues to apply International Accounting Standards 39, Financial Instruments: Recognition and Measurement with loan loss provisioning modified by the Central Bank of Myanmar ("CBM") Notification No. 17/2017, Asset Classification and Provisioning Regulations, and CBM Instruction Letter (12/2023) dated August 31, 2023 to all financial institutions for extension period till August 31, 2024 for full compliance and the Section 39 of Financial Institution Law ("FIL") 2016 so as to give a true and fair view of the state of affairs of the Bank as at March 31, 2024, and the results, changes in equity and cash flows of the Bank for the financial year ended on that date.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) issued by International Auditing and Assurance Standards Board (the "IAASB"). 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 International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants ("IESBA Code")*, 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.

Basis of accounting - Restriction on distribution or use

We draw attention to Note 2.1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Bank in complying with the financial reporting provisions required by its shareholders and business partners. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Bank, its shareholders and business partners and should not be distributed to or used by parties other than the Bank, its shareholders and business partners without consent from the auditor. Our opinion is not modified in respect of this matter.

Other Matters

Another set of financial statements of the Bank for the year ended March 31, 2024 were prepared by management in accordance with Myanmar Companies Law (the "Law") and the Myanmar Financial Reporting Standards ("MFRS") including the modification of the requirements of Myanmar Accounting Standards 39, Financial Instrument: Recognition and Measurement in respect of loan loss provision by the Central Bank of Myanmar ("CBM") Notification No.17/2017, Asset Clarification and Provisioning Regulations, and CBM Instruction Letter (No.12/2023) dated August 31, 2023 to all financial institutions for extension period till August 31, 2024 for full compliance and the Section 39 of Financial Instruction Law ("FIL") 2016 and authorised for issue by the Board of Directors on July 31, 2024.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements in accordance with the accounting policies as described in Note 2.1 to the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, 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,

The directors are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective 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 a guarantee that an audit conducted in accordance with ISAs 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 statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances,bun not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our considerations are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Win Thin & Associates Ltd. ★ AUDITORS ★ Certified Public Accountants

Moe Kyaw (PAPP-313)
B.Com.(Q) (Credit),CPA, ACCA, DBL
Engagement Partner
WIN THIN & ASSOCIATES LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
FIRM REGISTRATION NO. ACC 008
Date: August 20, 2024

STATEMENT OF FINANCIAL POSITION

As At March 31, 2024

Kyats in million	Note	March 31, 2024	March 31, 2023
ASSETS			
Cash and cash equivalents	8	678,369.7	760,695.1
Placement with other financial institutions	9	220,350.0	153,200.0
Investment securities	10	2,296,943.1	2,019,555.0
Loan and advances	11	4,427,738.7	3,213,383.9
Bills receivable		1,474.3	14,458.0
Other assets	12	414,527.5	222,665.7
Investment property	13	3,412.4	3,484.1
Property, plant and equipment	14	336,112.6	337,648.7
Right-of-use assets	15	15,629.8	18,322.4
Intangible assets	16	13,544.7	13,524.1
Total Assets		**8,408,102.8**	**6,756,936.9**
LIABILITIES			
Borrowing from banks	17	521,006.1	86,783.7
Deposits from banks	18	36,009.5	21,356.2
Deposits from customers	19	7,167,582.3	6,064,150.9
Repurchase agreement	20	32,123.8	-
Other liabilities	21	144,366.7	135,598.1
Lease liabilities	22	5,846.8	6,015.6
Subordinated Debt	23	84,000.0	84,000.0
Total Liabilities		**7,990,935.3**	**6,397,904.5**
EQUITY			
Share capital	24	140,009.0	140,009.0
Reserves	25	116,938.6	102,403.9
Retained earnings		160,220.0	116,619.6
Total Equity		**417,167.5**	**359,032.4**
Total Liabilities and Equity		**8,408,102.8**	**6,756,936.9**
OFF-BALANCE SHEET			
Contingent liabilities	26	94,799.8	67,626.1
Commitments	27	404,675.8	210,135.8

The accompanying notes form part of the financial statements

On behalf of the Board of Directors,

Thazin Aung
Chief Executive Officer
AYA Bank PCL

Than Zaw
Vice Chairman
AYA Bank PCL

Khin Saw Oo
Executive Chairman
AYA Bank PCL

Date: August 20, 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For The Year Ended March 31, 2024

Kyats in million	Note	April 1, 2023 to March 31, 2024	April 1, 2022 to March 31, 2023
Interest income	*28*	578,258.2	483,072.2
Interest expense	*28*	(453,700.1)	(355,576.0)
Net interest income		**124,558.1**	**127,496.2**
Fee and commission income	29	119,504.0	86,443.2
Fee and commission expense	29	(61,625.1)	(21,302.7)
Other income/(expense)	30	58,716.4	8,182.7
Net non-interest income		**116,595.3**	**73,323.2**
Total income		**241,153.4**	**200,819.4**
General and administration expenses	*31*	(108,732.1)	(83,841.9)
Operating lease expenses	*32*	(804.9)	(207.9)
Depreciation and amortisation	*14/15/16*	(22,048.2)	(24,007.4)
Other operating expenses	*33*	(9,686.0)	(11,485.5)
Specific Allowance	*11*	-	(16,265.1)
2 % general loan loss provision	*21.1*	(24,006.7)	-
Total expenses		**(165,277.9)**	**(135,807.7)**
Profit before tax		**75,875.5**	**65,011.8**
Income tax expense	*34*	(17,740.4)	(15,286.8)
Net profit for the year and total comprehensive income for the year		**58,135.1**	**49,725.0**

The accompanying notes form part of the financial statements.

On behalf of the Board of Directors,

Thazin Aung
Chief Executive Officer
AYA Bank PCL

Than Zaw
Vice Chairman
AYA Bank PCL

Khin Saw Oo
Executive Chairman
AYA Bank PCL

Date: August 20, 2024

Kyats in million	Note	Share Capital	Reserves (Restated)	Retained Earnings	Total
Balance at April 01, 2022 (IFRS)		**140,000.0**	**116,656.9**	**77,546.2**	**334,203.1**
Issued shares	24	9.0	-	-	9.0
Total comprehensive income for the year		-	-	49,725.0	49,725.0
Transfer to Statutory Reserves	25	-	12,431.3	(12,431.3)	-
Transfer to General Reserves	25	-	(24,904.7)	-	(24,904.7)
Prior year adjustment		-	(1,779.6)	1,779.6	-
Balance at March 31, 2023		**140,009.0**	**102,403.8**	**116,619.6**	**359,032.4**
Issued shares	24	-	-	-	-
Total comprehensive income for the year		-	-	58,135.1	58,135.1
Transfer to Statutory Reserves	25	-	14,534.7	(14,534.7)	-
Transfer to General Reserves	25	-	-	-	-
Balance at March 31, 2024		**140,009.0**	**116,938.5**	**160,220.0**	**417,167.5**

The accompanying notes form part of the financial statements.

On behalf of the Board of Directors,

Thazin Aung Chief Executive Officer AYA Bank PCL	Than Zaw Vice Chairman AYA Bank PCL	Khin Saw Oo Executive Chairman AYA Bank PCL

Date: August 20, 2024

Kyats in million	*Note*	April 1, 2023 to March 31, 2024	April 1, 2022 to March 31, 2023
Cash flows from operating activities			
Profit before tax		**75,875.5**	**65,011.8**
Adjustment for:			
- Depreciation of investment property	*13*	71.7	71.7
- Depreciation of property, plant and equipment	14	11,686.8	12,548.1
- Depreciation of right-of-use assets		6,693.5	6,102.7
- Amortization of intangible assets	16	3,596.1	5,284.8
- Adjustment/ transfer of property, plant and equipment	14	(42.3)	-
- Adjustment of intangible assets	16	42.3	124.4
- 2% general loan loss reserve		24,006.7	-
- Specific provision		(6,666.1)	16,265.1
- Provision for operational risk		4,993.3	-
- Effects of fixed assets written off	14	26.6	16.3
Loss on disposal of property, plant and equipment		80.7	1,151.9
		120,364.7	106,576.8
Changes in			
- Cash and balances with central bank / related corporations - restricted		(67,717.9)	(3,897.4)
- Placement with other financial institutions		(67,150.0)	13,932.0
- Investment securities		(277,388.2)	299,730.3
- Loan and advances		(1,207,688.8)	(285,239.1)
- Bill receivables		12,983.8	62,757.5
- Other assets		(179,160.6)	(73,355.6)
- Investment property		-	-
- Deposit from banks		14,653.3	(1,894.7)
- Deposit from customers		1,103,431.4	498,688.5
- Repurchase agreement		32,123.8	(100,617.2)
- Other liabilities		(38,079.0)	(81,467.5)
- Subordinated debt	23	-	12,880.0
		(553,627.2)	**448,093.6**
Income tax paid		(12,594.0)	(11,965.0)
Net cash from operating activities		**(566,221.2)**	**436,128.6**
Cash flows from investing activities			
Acquisition of property,plant and equipment		(26,394.4)	(10,255.3)
Acquisition of right-of-use assets		(4,000.8)	472.4
Acquisition of intangible assets		(3,593.1)	(3,826.1)
Proceeds from disposal of PPE		16,112.7	2,565.6
Net cash used in investing activities		**(17,875.7)**	**(11,043.3)**
Cash flows from financing activities			
Repayment of lease liabilities		(168.8)	(5,380.3)
-Issue of share capital	24	-	9.0
- Borrowing from banks		434,222.4	(213,216.3)
Net cash used in financing activities		**434,053.6**	**(218,587.6)**
Net increase in cash and cash equivalents		**(150,043.3)**	**206,497.8**
Cash and cash equivalents at beginning of the year		585,481.9	378,984.2
Cash and cash equivalents at end of the year (Note 8)		**435,438.7**	**585,481.9**

The accompanying notes form part of the financial statements.

On behalf of the Board of Directors,

Thazin Aung Chief Executive Officer AYA Bank PCL	Than Zaw Vice Chairman AYA Bank PCL	Khin Saw Oo Executive Chairman AYA Bank PCL

Date: August 20, 2024

1. GENERAL

Ayeyarwady Bank Limited was a private limited company registered by Ministry of National Planning and Economic Development, Directorate of Investment and Company Administration by its Registration No. 110312156 (former Registration No. 397 of 2010-2011) incorporated on June 14, 2010. Ayeyarwady Bank Limited changed its type of company to Public Company Limited on December 30, 2022 with Directorate of Investment and Company Administration ("DICA") and it was approved by Central Bank of Myanmar ("CBM") as per CBM Letter No. မဗဘ/ဘဏ်စီစစ်/ ငွေ/ (142/ 2023) dated March 9, 2023.

A Banking License No. MaPaBa/P-23/ (7) 2010 was issued on July 2, 2010 by the Central Bank of Myanmar ("CBM") to perform the functions initially restricted to item (a), (b), (h) and (i) of Section 25 of The Financial Institutions of Myanmar Law (1990) with provision that any additional functions will have to be applied for and approved in advance by the CBM.

The Bank was granted an Authorized Dealer Licence No. CBM, FE MD (77/2011) dated November 25, 2011. The Bank can therefore provide all banking services and transactions in both local and foreign currencies at the same time.

Pursuant to the enactment of the Financial Institutions Law in January 2016 ("FIL 2016"), the CBM issued Instruction 6/2016 dated June 30, 2016, directing all banks to surrender their licenses under Section 176, and to apply for a new one under Section 11 of the FIL2016.

As directed by the CBM, the Bank also surrendered the license mentioned in paragraphs above and simultaneously reapplied for the new license under FIL2016. The new license number MA BA BA / PA BA (R)-13/08/2016 was issued under FIL2016 on August 24, 2016. The new license for Commercial Banking Business is unconditional and more wide-ranging than the license surrendered by the Bank.

The Bank had established two hundred and sixty-two (262) branches across the country as of March 31, 2023. The Bank has opened one new branch and closed 3 mini branches that are merged with main branches in the current financial year. As at March 31, 2024, the Bank has maintained two hundred and sixty-two (260) branches across the country.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements are prepared to assist the Bank in complying with the financial reporting provisions required by its shareholders and business partners. The financial statements have been prepared in accordance with the provisions of Myanmar Companies Law (the "Law") and the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). In case of IFRS 9 Financial Instruments: Impairment of Financial Assets, the Bank continues to apply International Accounting Standards 39, Financial Instruments: Recognition and Measurement with loan loss provisioning modified by the Central Bank of Myanmar ("CBM") Notification No. 17/2017, Asset Classification and Provisioning Regulations, and CBM Instruction Letter No.12/2023 dated August 31, 2023 to all financial institutions for extension period till August 31, 2024 for full compliance and the Section 39 of Financial Institution Law ("FIL") 2016.

2.2 Basis of preparation of financial statements

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.2 Basis of preparation of financial statements (cont'd)

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 New and revised IFRS Issued but not yet effective

The Bank has not applied the following relevant and new revised IFRSs that have been issued but not effective as at the reporting date:

Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IFRSs	Annual Improvements to IFRSs 2015 to 2017 Cycle
IFRIC 23	Uncertainty over Income Tax Payments
IAS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an investor and its Associates or Joint Venture (amendments)
Amendments to IFRS 3	Definition of a business
Amendments to IAS 1 and IAS 8	Definition of material
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

Effective for annual periods beginning on or after January 1, 2020

The management anticipates that the adoption of the above IFRSs in future periods will not have a material impact on the financial statements of the Bank in the period of their initial adoption except for the following:

<u>IFRS 17 Insurance Contracts</u>

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. An exposure draft

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 New and revised IFRS Issued but not yet effective (cont'd)

amendments to IFRS 17 addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed Is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1 January 2022.
For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

IFRS 10 and IAS 28 (Amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Bank's financial statements in future periods should such transactions arise.

Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired Is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not Intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with Immaterial information has been Included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 New and revised IFRS Issued but not yet effective (cont'd)

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

2.4 Financial instruments

Financial assets and financial liabilities are recognised in the Bank's statement of financial position when the Bank becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.5 Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.5.1 Amortised cost

Financial assets are measured at amortised cost if the financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. Gains and/or losses are recognised in profit or loss upon derecognition, reclassification or Impairment, and through the amortisation process. Interest Income calculated using the effective interest method is recognised in profit or loss. A modification gain or loss Is recognised in profit or loss when the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset.

Financial assets measured at amortised cost are classified as current assets, except for those having maturity later than 12 months after the reporting date which are classified as non-current.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Financial Assets (cont'd)

2.5.2 Fair Value Through Other Comprehensive Income (FVOCI)

Assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and for selling the financial assets, where those cash flows represent SPPI, are measured at FVOCI. Subsequent to initial recognition, financial assets at FVOCI are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses and interest Income are recognized in profit or loss. The cumulative gain or loss previously recognised in other comprehensive Income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

2.5.3 Fair Value Through Profit or Loss (FVTPL)

Financial assets measured at FVTPL are financial assets that do not meet the criteria for amortised cost or FVOCI. On initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

2.5.4 Debt Instruments

Debt instruments are those instruments that meet the definition of financial liability from the issuers' perspective. The classification and subsequent measurement of debt instruments depend on the Bank's business model for managing the asset and the contractual cash flow characteristics of the asset.

2.5.5 Equity Instruments

Equity instruments are financial assets that meet the definition of equity, that is, instruments that do not contain a contractual obligation to pay and that evidence a residual Interest. The Bank subsequently measures all equity Instruments at FVTPL, except where the Bank has elected, at Initial recognition, to irrevocably designate an equity Instrument at FVOCI. When the election to FVOCI is made, fair value gains or losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, including on disposal. Dividend representing the returns on such investments, continues to be recognised in profit or loss when the Bank's right to receive such payments is established.

2.5.6 Impairment of financial assets

From April 1, 2018, the Bank continues to apply International Accounting Standards 39, Financial Instruments: Recognition and Measurement with loan loss provisioning modified by the Central Bank of Myanmar ("CBM") Notification No. 17/2017, Asset Classification and Provisioning Regulations, and the Section 39 of Financial Institution Law ("FIL") 2016.

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 asset, the estimated future cash flows of the investment have been affected, and an impairment loss recognised.

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 recognised, 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 recognized.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Financial Assets (cont'd)

2.5.6 Impairment of financial assets (cont'd)

Objective evidence of Impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in Interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset 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 asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset Is reduced by the impairment loss directly for all financial assets with the exception of loans and advances, where the carrying amount is reduced through the use of an allowance account. When a loans and advances is considered uncollectable, 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 - Classification of loans and advances, specific provisions and general provisions

Classification of loans and advances

The Bank categorises its loans and advance in accordance to IFRS 7 Financial Instruments: Disclosures to be categorised into "impaired", "past due but not impaired" and "current, standard and not impaired". Past due loans refer to loans that are overdue by one day or more. Impaired loans are non-performing loans with specific allowances made.

Furthermore, the Bank also categorises their loans past due in accordance with CBM Notification No. 17/2017 Asset Classification and Provisionfng Regulations.

The Bank categorises its loans and advances in accordance with CBM's regulation No. 17/2017 on Loan Grading and Provisioning. In additional, loans and advances are required under IFRS 7 to be categorised into "impaired", "past due but not impaired" and "current, standard and not impaired". Past due loans refer to loans that are overdue by one day or more. Impaired loans are non-performing loans with specific allowances made.

(i) Performing loans

Current and Standard 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.

Watch grade indicates that the borrower exhibits potential weaknesses that, if not corrected in a timely manner, may affect future repayments and warrant close attention by the Bank.

Sub-standard grade indicates that the credit facilities exhibit definable weaknesses either in respect of business, cash flow or financial position of the borrower that may jeopardize repayment on existing terms.

2.5 Financial Assets (cont'd)

2.5.6 Impairment of financial assets (cont'd)

(ii) Non-performing loans

In accordance with CBM Notification No. 17/2017 *Asset Classification and Provisioning Regulations*, "non-performing" means a loan or advance that is no longer generating income and which is classified as doubtful or 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.

Doubtful grade indicates 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.

Loss grade indicates 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".

Specific Provisions
The Bank makes specific provision for impairment of loans and advances and other assets on and off-balance sheet in accordance with CBM Notification No. 17/2017 *Asset Classification and Provisioning Regulations.*

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

The specific provision shall be recorded in the Bank's accounts and charged to the profit and loss account in the month in which it occurs and shall not be spread over future periods. The Bank can however stagger the shortfall in the specific provisioning in equal amounts over a period of three years from the date of the Notification as prescribed in CBM Notification No. 17/2017 *Assets Classification and Provisioning Regulations*, and CBM Instruction Letter No.12/2023 dated August 31, 2023 to all financial institutions for extension period till August 31, 2024 for full compliance. Collaterals and credit enhancements are disclosed in Note 5.1.1.1.

General Provisions
Banks are required to maintain general loan loss reserve by making general loan provision up to 2% (March 2023: 2%) of total outstanding of loans and advances in accordance to CBM Notification No. 17/2017, *Assets Classification and Provisioning Regulations* and Letter No.2621/ Ka Ka (1)/3/507/ 2018-2019 dated May 10, 2019 to charge as expense in the statement of profit or loss and other comprehensive income.

2.5.7 Derecognition of financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.6 Financial liabilities and equity instruments

2.6.1 Classification as debt or equity

Debt and equity instruments issued by the Bank are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.6.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Bank are recognised at the proceeds received, net of direct issue costs. Repurchase of the Bank's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Bank's own equity instruments.

2.7 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Bank, are measured in accordance with the specific accounting policies set out below.

2.7.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial liabilities (Cont'd)

2.7.1 Financial liabilities at FVTPL (cont'd)

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other income' and 'other expenses' line item in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Bank that are designated by the Bank as at FVTPL are recognised in profit or loss. Fair value is determined in the manner described financial liabilities measured subsequently at amortised cost. Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination,(ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating Interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (Including all fees and 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 liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

2.7.2 Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it Incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

2.7.3 Derecognition of financial liabilities

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Bank exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Bank accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between:

(1) the carrying amount of the liability before the modification; and
(2) the present value of the cash flows
after modification Is recognised in profit or loss as the modification gain or loss within other gains.

2.8 Revenue recognition

2.8.1 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 are recognised on an effective interest basis for debt instruments other than those financial instruments "at Fair Value Through Profit or Loss".

In case of loan and advances, in accordance to the CBM Notification No. 17/2017 *Assets Classification and Provisioning Regulations*, all interest income from non-performing loans is suspended under Loans and advances (Note 11) and shall only be recognized as income when the interest has been collected by the Bank.

2.8.2 Fees and commission income

The Bank's fee and commission income includes six types of fees and commission Income as follows and the assessment for each type of fee and commission income will be based on the five steps mentioned above.

- Service charges
- Exchange fees
- Commission fees
- Commitment fees
- Default fees
- SWIFT & Telex charges

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 as per the contracts wherever it is possible.

The application of the requirements new IFRS 15 Revenue from contracts with customers has not resulted in the major difference in recognition of fees and commission income of the Bank as IFRS 15 Revenue from contracts with customers requires satisfaction of performance obligation, and there is no major change in recognition method upon adoption of IFRS 15.

2.9 Leasing

The Bank has adopted IFRS 16 with an initial application of 1 January 2019 and applied the full retrospective approach for transition to IFRS 16. Right-of-use assets and liabilities will be measured at the same amount, taking into consideration prepayments and accruals recognized as at each financial year.
The Bank has elected to apply the practical expedients not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

2.9 Leasing (cont'd)

The Bank as a lessee

The Bank assesses whether a contract is or contains a lease at inception of a contract. At the date of initial application for leases previously classified as an operating lease applying **IAS 17**, the Bank shall choose, on a lease by lease basis, to measure at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Bank incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. In estimating the lease liability and the corresponding right-of-use asset, the Bank considers the non-cancellable period, extension and termination options, rent free periods and estimated reinstatement cost. The extension and termination options are included in the lease term when it is reasonably certain to be exercised. The discount rate used to compute the present value of the lease payments in deriving the lease liability was estimated using the Bank's incremental borrowing rate which is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use-asset in a similar economic environment.

Leases under IAS 17 (adopted prior to 1 January 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Operating lease — as a lessee

Operating lease payments are recognized as an operating expense in statement of income on a straight- line basis over the lease term.

2.10 Foreign currencies

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 by management.

In preparing the financial statements for the Bank, certain 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 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 on monetary items are recognised in profit or loss in the period.

2.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.11.1 Current tax

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Bank's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current tax is recognised as an expense or income in profit or loss.

2.11.2 Deferred tax

Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised. Such deferred tax assets and liabilities are not recognised 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 profits 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 realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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.

2.12.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Property, Plant and equipment

Properties in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Bank's accounting policy. Such properties are classified and included in the respective categories of property, plant and equipment. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Buildings, fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.
Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

• Buildings	50 years
• Leasehold improvements	Over period of the lease
• Office machine and other equipment	10 years
• Furniture, fixtures and fittingsn	10 years
• Electrical equipment and computer accessories	5 years
• Motor vehicles	10 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The estimated useful lives, residual values and depreciation method are reviewed at end of each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

2.14 Intangible Assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised on a straight-line basis over their estimated useful life of 5 years or licencing period. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.15 Investment Properties

Investment properties include office building, commercial units, a shopping centre and retail stores that are held for long-term rental yields and/or capital appreciation. Investment properties are initially recognised at cost and subsequently carried at carrying value. Depreciation is computed annually and recognized in profit or loss. Investment properties are subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The costs of maintenance, repairs, and minor improvements are recognised in profit or loss when they are incurred. On the disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the statement of profit or loss.

2.16 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Bank reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Impairment of tangible and intangible assets other than goodwill (cont'd)

cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than it carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.
When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.17 Repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognized from the statement of financial position as the Bank retains substantially all the risk and rewards of ownership. The corresponding cash received is recognized in the statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within repurchase agreements. Reflecting the transaction's economic substance as a loan to the bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the effective interest rate.

Conversely, securities purchased under agreements to resell at a specified future date are not recognized in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position within 'repurchase agreements', reflecting the transaction's economic substance as a loan by the Bank. The difference between the purchase and resale prices is treated as interest income and is accrued over the life of agreement using the effective interest rate.

2.18 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, it carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Bank's accounting policies, which are described in Note 2, the directors of the Bank are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and 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 recognised 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.

3.1 Critical judgements in applying accounting policies

In the process of applying the Bank's accounting policies, which are described in Note 2 to the financial statements, the management did not make any critical judgements that have a significant effect on the amount recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources 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

The Bank reviews individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the income statement. The Bank recognizes an impairment loss equivalent to the security shortfall of each individual loan, in accordance with the requirement under the CBM Notification No.17/2017, *Asset Classification and Provisioning Regulations* including its annexure on the criteria for the valuation of security and collateral and the impairment methodology is disclosed in more detail in Note 2.5.6 and CBM Instruction Letter No.12/2023 dated August 31, 2023 to all financial institutions for extension period till August 31, 2024 for full compliance.

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 judgement 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 in line with its internal policy on determining impaired loans as set out in Note 2.5.6. These estimates take into account the customer's debt capacity and financial flexibility; the amount and sources of cash flows; and the realisable value of any security held. Estimating the quantum and timing of future recoveries involves significant judgement. The size of receipts will depend on the future performance of the 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 recognised in these financial statements.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of Note 2.5). The Bank determines the business model at a level that reflects how groups of financial assets are managed together to

achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed. The Bank monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to reclassification of those assets.

Useful life of property, plant and equipment and intangible assets

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

4. FINANCIAL INSTRUMENTS

4.1 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period.

Kyats in million	March 31, 2024	March 31, 2023
Financial assets		
Loans and receivables:		
Cash and cash equivalents	678,369.7	760,695.1
Placement with other financial institutions	220,350.0	153,200.0
Loan and advances, net	4,427,738.7	3,213,383.9
Bills receivable	1,474.3	14,458.0
Other assets	342,895.3	159,937.9
Held-to-maturity investments		
Government securities	2,294,549.6	2,017,161.4
Available-for-sale financial assets		
Unquoted equity share	2,393.5	2,393.5
	7,967,771.1	**6,321,229.7**
Financial liabilities		
At amortised cost:		
Borrowing from banks	521,006.1	86,783.7
Deposit from banks	36,009.5	21,356.2
Deposit from customers	7,167,582.3	6,064,150.9
Repurchase agreement	32,123.8	-
Other liabilities	76,197.3	85,585.8
Subordinated debt	84,000.0	84,000.0
Lease liabilities	5,846.8	6,015.6
	7,922,765.9	**6,347,892.2**

4. FINANCIAL INSTRUMENTS (CONT'D)

4.2 Fair value of financial assets and liabilities

Financial instruments comprise financial assets and financial liabilities. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

As at the end of each reporting period, the Bank did not hold any financial instruments which are measured at fair value on a recurring basis. The unquoted equity investments classified as available-for-sale, are carried at cost, less impairment because the fair value cannot be reliably estimated using valuation techniques supported by observable market data determined.

Except for long term Government treasury bonds which are classified as held-to-maturity, management considers that the carrying amounts of the financial assets and liabilities of the Bank recorded as amortised cost in the financial statements approximates their fair value, due to the relative short-term maturity of those financial instruments.

As quoted prices are not available from active markets, the fair value of the Government treasury bonds was determined using a discounted cash flow method, based on the contractual cash flows and current coupon rates as at the end of each reporting period. As at the end of the financial year, these instruments which are recorded at amortised cost approximates the fair value.

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 Credit Risk

Credit risk is considered to be the risk of loss due to inability or unwillingness of the counterparty to fulfil its payment obligations to the Bank. Management has a credit policy in place. The Bank generally holds full collaterals against the credit facilities granted and the right to dispose of the collaterals when certain exposure thresholds are exceeded. The Bank generally only accepts land and buildings as collaterals, with other types of collaterals such as golds 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 a common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances include charges over land and buildings, gold, equipment, contract financing, guarantees, project contracting and residential properties.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.1 Credit Risk (Cont'd)

All credit lending to non-bank customers is generally secured. In addition, in order to minimise 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 between the margins of 30% to 70% of the Forced Sale Value, which is also independently estimated. There is periodic revaluation of the collaterals in subsequent periods and 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.

The credit risk management and control are centralized with the Credit Committee, which reports 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 borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate

The Bank's policy requires 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.

5.1.1 Maximum exposure to credit risk

The following table presents the Bank's maximum exposure to credit risk at the end of the reporting period in respect of on-balance sheet and off-balance sheet financial instruments, without taking into account the value of any collateral 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 the 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 the obligations of the instruments issued are called upon. For commitments, the maximum exposure to credit risk is the full amount of undrawn credit facilities granted to customers.

Kyats in million	**March 31, 2024**	**March 31, 2023**
Cash and cash equivalents	443,356.4	463,565.3
Placement with other financial	220.350.0	153.200.0
Investment securities	2,296,943.1	2,019,554.9
Loan and advances	4,427,738.7	3,213,383.9
Bills receivable	1,474.3	14,458.0
Other assets	342,895.2	159,937.8
Investement property	3,412.4	3,484.1
	7,736,170.1	**6,027,584.1**
Off-Balance Sheet		
Contingent liabilities	94,799.8	67,626.1
Undrawn loan commitments	404,675.8	210,135.8
Total maximum exposure to credit risk	**8,235,645.7**	**6,305,346.0**

5.1.1.1 Collateral and other credit enhancements

In respect of the Bank's deposits with other banks, the Bank considers the exposure to credit risk to be low as these deposits are placed with credit-worthy financial institutions. The financial effect of collateral or credit enhancements obtained for Other Assets are not expected to be significant.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.1 Credit Risk (cont'd)

For the loans and advances granted by the Bank, the following types of collateral and credit enhancements are obtained, consistent with CBM Notification No.17/2017 Annexure:

- Charges over land and buildings
- Charges over machines
- Mortgages over residential properties
- Gold
- Guarantees
- Charges over receivables

Where collaterals are repossessed, the Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale (Repossessed assets under the categories of other assets) at their fair value or fair value less cost to sell for non-financial assets at the repossession date in line with the Bank's policy.

As at March 31, 2024, 80.58% (March 31, 2023: 97.34%) of the carrying amount of loans and overdrafts as disclosed in note 11 are backed by tangible, realisable collateral and credit enhancements.

5.1.2 Credit risk by industry

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

Kyats in million	March 31, 2024	March 31, 2023
Agricultural	21,172.7	14,865.0
Construction	544,563.4	492,015.1
Livestock	78,587.7	25,886.8
Manufacturing	911,663.2	555,410.5
Service	657,803.7	655,352.9
Trading	1,299,395.7	1,122,091.8
Transportation	71,590.1	48,980.9
	3,584,776.6	2,914,603.1
General		
Hire Purchase	537,794.6	261,707.9
Staff Loans	6,157.8	3,337.7
IBD(Trade to overdraft)	256,755.3	76,334.3
Credit Cards to Customers	63,197.7	21,913.5
Others	51,650.8	15,769.3
	915,556.3	379,062.7
	4,500,332.9	3,293,665.8
Interest in suspense	(5,207.3)	(5,428.8)
Specific allowance	(67,386.8)	(74,853.1)
TOTAL	**4,427,738.7**	**3,213,383.9**

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.1 Credit Risk (cont'd)

5.1.3 Credit quality of loans and advances

The Bank adopts an internally developed credit rating scale, which generally corresponds to the classification set out in the CBM Notification No.17/2017 *Asset Classification and Provisioning Regulations* (Note 2.5.6). The following tables sets out the credit classification of the Bank's loans and advances as at March 31, 2024.

Kyats in million	March 31, 2024	March 31, 2023
Standard	3,896,219.0	2,547,684.7
Watch	19,406.2	32,812.9
Sub-standard	4,110.0	8,217.4
Doubtful	40,893.2	40,102.1
Loss	539,704.4	664,848.7
Interest in suspense	(5,207.3)	(5,428.8)
Less: Specific allowance	(67,386.8)	(74,853.1)
	4,427,738.7	**3,213,383.9**

5.1.3 Credit quality of loans and advances (cont'd)

Details of specific allowances by collectability are as follows:

Kyats in million	March 31, 2024	March 31, 2023
Current and Standard	642.0	5.0
Watch	237.2	36.6
Sub-standard	242.6	76.0
Doubtful	1,553.0	220.3
Loss	64,712.0	74,515.2
Balance at end of the year	**67,386.8**	**74,853.1**

A reconciliation for the movement in specific allowance for impairment losses for the loans and advances is presented below.

Kyats in million	March 31, 2024	March 31, 2023
Balance at beginning of year/period	74,853.1	79,459.3
Specific allowance recognised in profit or loss	11,453.8	29,095.7
Write-back of specific allowance recognised in profit or loss	(18,119.9)	(11,619.1)
Write-off of specific allowance	(800.2)	(22,082.8)
Balance at end of year	**67,386.8**	**74,853.1**

The table below sets out information about the loans and advances held by the Bank required under IFRS 7 *Financial Instruments: Disclosures*:

Kyats in million	March 31, 2024	March 31, 2023
Current, Standard and not impaired	3,919,735.3	2,588,715.0
Past due but not impaired	580,597.5	704,950.8
Specific allowance	(67,386.8)	(74,853.1)
Interest in suspense	(5,207.3)	(5,428.8)
	4,427,738.7	**3,213,383.9**

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.1 Credit Risk (cont'd)

Current, Standard and not impaired includes current loans with regular repayment and standard loans with repayment between 1 to 30 days. The past due loans and advances are not impaired as they are secured by tangible realizable collateral (referred to Note 5.1.1.1).

5.2 Liquidity Risk

Liquidity risk is the risk that the Bank is unable to meet its cash flows obligations when they are due, such as upon the maturity of deposits or arising from loan draw-downs.

It is unusual for any bank to completely match the maturity profile of its assets and liabilities since business transacted is often of different terms and of different types. Therefore, controlled mismatching of the maturities of assets and liabilities is fundamental to the management of liquidity of the Bank.

The objective of liquidity risk management is to ensure that the Bank has the ability to generate sufficient cash or its equivalents, in a timely and cost effectively manner, to meet its commitments as they fall due.

The management of liquidity risk is centralised in the Treasury Department who reports to the Management and Asset/Liability Committee ("ALCO"). ALCO meeting is held on a monthly basis or more frequently, as required, to oversee liquidity risk management of the Bank and is supplemented by a "Funds Meeting" which is held weekly in addition to any meetings called by the Executive Management on a need to basis. The Bank has in place Business Contingency Plan ("BCP") and Contingency Funding Plan ("CFP") which include disaster situation facing by the Bank. The BCP covers operational steps and procedure of how to handle money transactions during disaster situation, while the CFP covers steps required to measures to ensure any liquidity related issues are addressed. The BCP & CFP are formulated to meet all contingencies arising not only from the ordinary course of business but also on liquidity crisis situation.

As part of its liquidity risk management framework set by CBM regulations and the ALCO the Bank is required to maintain adequate liquid assets to manage its short-term liquidity. The Bank relies for its short-term liquidity on investments in government securities, borrowings from CBM, Repurchase Agreements ("Repo") of government securities and holding cash reserves. This serves to ensure full cash inflows are available to meet customer withdrawals upon maturity or earlier.

The Bank's liquidity ratios as of March 31, 2024 and March 31, 2023 were 36.89% and 48.85% respectively and hence more than 20% fixed by the CBM as per CBM Notification No. 19/2017 Liquidity Ratio.

5.2.1 Maturity analysis

The table below analyses the Bank's financial assets and liabilities on a contractual undiscounted cash flow basis, grouped based on the remaining contractual maturities as at the end of the reporting period. The adjustment column includes items which are part of the contractual undiscounted cash flows, such as interest payable or receivable, but are not included in the carrying amount of the financial instruments in the statement of financial position.

On a behavioral basis, the expected cash flows of some of these financial liabilities could vary significantly from the disclosures below. While deposits from customers are contractually on demand, these deposits have remained and are expected to remain relatively stable, and has been a source of long-term funding for the Bank, based on historical trends. Similarly, while undrawn loan commitments are contractually available on demand, these are not all expected to be drawn upon immediately, and, available at the discretion of the Bank which has the defector right to cancel the availability of the drawdown portion of loans.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.2 Liquidity Risk (Cont'd)

Kyats in million	On demand or less than 3 months	3 months to 12 months	Over 1 year	No specific maturity	Adjustment	Total
As at March 31, 2024						
Assets						
Cash and cash equivalents	678,369.7	-	-	-	-	678,369.7
Placement with other financial institutions	221,208.3	-	-	-	(858.3)	220,350.0
Investment securities	92,615.3	670,213.9	1,812,065.2	2,393.6	(280,344.8)	2,296,943.1
Loan and advances	1,363,648.9	1,499,925.1	2,361,729.3	-	(797,564.5)	4,427,738.7
Bills receivable	1,474.3	-	-	-	-	1,474.3
Other assets	341,950.6	-	944.6	-	-	342,895.3
Investment property	-	-	-	3,412.4	-	3,412.4
	2,699,267.0	**2,170,139.0**	**4,174,739.1**	**5,805.9**	**(1,078,767.5)**	**7,971,183.5**
Liabilities						
Borrowing from banks	(528,251.9)	-	-	-	7,245.8	(521,006.1)
Deposits from banks	(36,009.5)	-	-	-	-	(36,009.5)
Deposits from customers	(5,411,238.1)	(1,993,949.5)	(275,322.2)	-	512,927.5	(7,167,582.3)
Repurchase agreement	(32,123.8)	-	-		-	(32,123.8)
Other liabilities	(74,208.9)	-	(1,988.4)	-	-	(76,197.3)
Lease liabilities	(11.2)	(422.6)	(5,413.0)	-	-	(5,846.8)
Subordinated debt	-	-	(84,000.0)	-	-	(84,000.0)
	(6,081,843.5)	**(1,994,372.2)**	**(366,723.5)**	**-**	**520,173.3**	**(7,922,765.9)**
On-Balance Sheet Liquidity Gap	**(3,382,576.4)**	**175,766.8**	**3,808,015.6**	**5,805.9**	**(558,594.3)**	**48,417.6**
Off-Balance Sheet						
Contingent liabilities	(71,310.9)	(22,147.7)	(1,341.2)	-	-	(94,799.8)
Commitments	(74,405.6)	(202,062.1)	(128,208.1)	-	-	(404,675.8)
Off-Balance Sheet Liquidity Gap	**(145,716.6)**	**(224,209.8)**	**(129,549.3)**	**-**	**-**	**(499,475.6)**
Net Liquidity Gap	**(3,528,293.0)**	**(48,443.0)**	**3,678,466.2**	**5,805.9**	**(558,594.3)**	**(451,058.0)**

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.2 Liquidity Risk (Cont'd)

Kyats in million	On demand or less than 3 months	3 months to 12 months	Over 1 year	No specific maturity	Adjustment	Total
As at March 31, 2023						
Assets						
Cash and cash equivalents	760,695.1	-	-	-	-	760,695.1
Placement with other financial institutions	130,660.5	23,607.5	-	-	(1,068.0)	153,200.0
Investment securities	105,811.3	185,451.3	2,065,196.3	2,393.6	(339,297.6)	2,019,554.9
Loan and advances	1,203,776.4	1,130,383.4	1,573,378.7	-	(694,154.7)	3,213,383.9
Bills receivable	14,458.0	-	-	-	-	14,458.0
Other assets	159,100.4	-	837.4	-	-	159,937.9
Investment property	-	-	-	3,484.1	-	3,484.1
	2,374,501.8	**1,339,442.1**	**3,639,412.5**	**5,877.7**	**(1,034,520.2)**	**6,324,713.8**
Liabilities						
Borrowing from banks	(87,269.9)	-	-	-	486.2	(86,783.7)
Deposits from banks	(21,356.2)	-	-	-	-	(21,356.2)
Deposits from customers	(4,731,918.6)	(1,487,336.1)	(253,646.4)	-	408,750.3	(6,064,150.9)
Repurchase agreement	-	-	-	-	-	-
Other liabilities	(83,806.9)	-	(1,778.9)	-	-	(85,585.8)
Lease liabilities	(56.1)	(680.3)	(5,279.1)	-	-	(6,015.6)
Subordinated debt	-	-	(84,000.0)	-	-	(84,000.0)
	(4,924,407.6)	**(1,488,016.5)**	**(344,704.5)**	**-**	**409,236.4**	**(6,347,892.2)**
On-Balance Sheet Liquidity Gap	**(2,549,905.8)**	**(148,574.4)**	**3,294,708.0**	**5,877.7**	**(625,283.8)**	**(23,178.3)**
Off-Balance Sheet						
Contingent liabilities	(32,301.3)	(27,733.3)	(7,591.6)	-	-	(67,626.1)
Commitments	(60,297.8)	(111,634.2)	(38,203.7)	-	-	(210,135.8)
Off-Balance Sheet Liquidity Gap	**(92,599.1)**	**(139,367.5)**	**(45,795.3)**	**-**	**-**	**(277,761.9)**
Net Liquidity Gap	**(2,642,505.0)**	**(287,941.8)**	**3,248,912.7**	**5,877.7**	**(625,283.8)**	**(300,940.2)**

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.3 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 repricing 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 band determined by the Central Bank of Myanmar. As of March 31, 2024, the interest rates on loans are subject to the following maximum caps:

- Loans and advances: 5.5% - 14.5 % per annum (Mar 2023: 9%-14.5 % per annum)
- Overdraft: 8% - 14.5% % per annum (Mar 2023: 8% -14.5% per annum)

As at March 31, 2022, the interest rates on deposits are subject to the following minimums:

- Saving deposits: 6%- 9.5% per annum (Mar 2023: 6% -9.5 % per annum)
- Fixed deposits: 7%-9.75 % per annum (Mar 2023: 7%-9.75% per annum)
- Call deposits: 2%-6% per annum (Mar 2023: 2%- 6% per annum)

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

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.3 Interest Rate Risk (cont'd)

Kyats in million	Weighted average interest rate (in %)	Within 3 months	3 months to 12 months	Over 1 year	Non-interest bearing	Total
As at March 30, 2023						
Assets						
Cash and cash equivalents	-	-	-	-	760,695.1	760,695.1
Placement with other financial institutions	5.04%	130,100.0	23,100.0	-	-	153,200.0
Investment securities	7.95%	102,848.4	175,000.0	1,739,313.1	2,393.6	2,019,554.9
Loan and advances	9.88%	1,125,422.8	990,585.0	1,097,376.0	-	3,213,383.9
Bills receivable	-	-	-	-	14,458.0	14,458.0
Other assets	-	-	-	-	159,937.9	159,937.9
Investment property		-	-	-	3,484.1	3,484.1
		1,358,371.2	**1,188,685.0**	**2,836,689.1**	**940,968.6**	**6,324,713.8**
Liabilities						
Borrowing from banks	5.74%	(86,783.7)	-	-	-	(86,783.7)
Deposits from banks	-	-	-	-	(21,356.2)	(21,356.2)
Deposits from customers	6.39%	(3,916,409.3)	(1,332,200.1)	(212,256.4)	(603,285.1)	(6,064,150.9)
Repurchase agreement	-	-	-	-	-	-
Other liabilities	-	-	-	-	(85,585.8)	(85,585.8)
Subordinated debt	3M LIBOR+300BPS	-	-	(84,000.0)	-	(84,000.0)
Lease liabilities	8.50%	(56.1)	(680.3)	(5,279.1)	-	(6,015.6)
		(4,003,249.1)	**(1,332,880.4)**	**(301,535.6)**	**(710,227.1)**	**(6,347,892.2)**
Net Interest Gap		**(2,644,878.0)**	**(144,195.4)**	**2,535,153.5**	**230,741.5**	**(23,178.3)**

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.3 Interest Rate Risk (cont'd)

Kyats in million	Weighted average interest rate (in %)	Within 3 months	3 months to 12 months	Over 1 year	Non-interest bearing	Total
As at March 31, 2024						
Assets						
Cash and cash equivalents	-	-	-	-	678,369.7	678,369.7
Placement with other financial institutions	4.85%	220,350.0	-	-	-	220,350.0
Investment securities	7.73%	91,267.1	634,896.6	1,568,385.8	2,393.6	2,296,943.1
Loan and advances	10.25%	1,241,110.3	1,297,005.1	1,889,623.4	-	4,427,738.7
Bills receivable	-	-	-	-	1,474.3	1,474.3
Other assets	-	-	-	-	342,895.3	342,895.3
Investment property		-	-	-	3,412.4	3,412.4
		1,552,727.4	**1,931,901.7**	**3,458,009.2**	**1,028,545.2**	**7,971,183.5**
Liabilities						
Borrowing from banks	6.81%	(521,006.1)	-	-	-	(521,006.1)
Deposits from banks	-	-	-	-	(36,009.5)	(36,009.5)
Deposits from customers	6.35%	(4,571,204.7)	(1,792,937.2)	(230,395.1)	(573,045.2)	(7,167,582.3)
Repurchase agreement	-	(32,123.8)	-	-	-	(32,123.8)
Other liabilities	-	-	-	-	(76,197.3)	(76,197.3)
Subordinated debt	3 months SOFR rate+0.26161%+3 % Margin	-	-	(84,000.0)	-	(84,000.0)
Lease liabilities	8.50%	(11.2)	(422.6)	(5,413.0)	-	(5,846.8)
		(5,124,345.8)	**(1,793,359.9)**	**(319,808.1)**	**(685,252.1)**	**(7,922,765.9)**
Net Interest Gap		**(3,571,618.4)**	**138,541.8**	**3,138,201.2**	**343,293.0**	**48,417.6**

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.4 Currency risk

Currency risk is the potential adverse impact on the Bank's earnings and economic value due to currency rate movement. The Bank is exposed to currency risk in the spot foreign exchange markets. The Bank mitigates currency risk by attempting to square its Net Open Position on a daily basis through active trading as well as participating in CBM auctions of USD.

Kyats in million	USD	EUR	SGD	CNY	THB	JPY	Total
As at March 31, 2024							
Assets							
Cash and cash equivalents	150,207.0	5,778.4	9,402.2	6,404.3	7,329.4	462.7	179,584.0
Placement with other financial institutions	217,350.0	-	-	-	-	-	217,350.0
Loan and advances	176,504.9	-	-	40,912.6	-	-	217,417.5
Bills receivable	-	-	-	-	-	-	-
Other assets	7,263.9	-	-	878.6	-	-	8,142.5
	551,325.8	**5,778.4**	**9,402.2**	**48,195.5**	**7,329.4**	**462.7**	**622,494.0**
Liabilities							
Borrowing from state banks	(201,704.9)	-	-	(24,301.2)	-	-	(226,006.1)
Deposits from banks	(942.6)	(6.3)	(0.2)	-	-	-	(949.0)
Deposits from customers	(137,227.2)	(1,599.4)	(1,683.6)	(2,487.1)	(4,517.9)	-	(147,515.2)
Repurchase agreement	-	-	-	-	-	-	-
Other liabilities	(14,696.3)	(1,165.2)	(434.3)	(17,678.7)	(3.0)	-	(33,977.4)
Subordinated debt	(84,000.0)	-	-	-	-	-	(84,000.0)
	(438,571.0)	**(2,770.8)**	**(2,118.0)**	**(44,467.0)**	**(4,520.9)**	**-**	**(492,447.7)**
Net Currency Gap	**112,754.8**	**3,007.6**	**7,284.2**	**3,728.5**	**2,808.5**	**462.7**	**130,046.3**

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.4 Currency risk (cont'd)

Kyats in million	USD	EUR	SGD	CNY	THB	JPY	Total
As at March 31, 2023							
Assets							
Cash and cash equivalents	117,476.1	4,331.2	5,797.8	16,136.4	12,989.3	185.9	156,916.9
Placement with other financial institutions	136,500.0	-	-	-	-	-	136,500.0
Loan and advances	78,526.4	-	-	1,612.3	423.9	-	80,562.6
Bills receivable	315.0	-	-	-	-	-	315.0
Other assets	4,887.6	-	-	16.4	-	-	4,904.0
	337,705.2	**4,331.2**	**5,797.8**	**17,765.2**	**13,413.2**	**185.9**	**379,198.6**
Liabilities							
Borrowing from state banks	(80,171.4)	-	-	(1,612.3)	-	-	(81,783.7)
Deposits from banks	(1,535.1)	(6.3)	(0.2)	-	-	-	(1,541.6)
Deposits from customers	(114,299.1)	(1,797.0)	(179.1)	(7.7)	(1,560.0)	-	(117,843.0)
Other liabilities	(14,146.1)	(1,062.3)	(505.1)	(13.3)	-	-	(15,726.7)
Subordinated debt	(84,000.0)	-	-	-	-	-	(84,000.0)
	(294,151.7)	**(2,865.6)**	**(684.3)**	**(1,633.3)**	**(1,560.0)**	**-**	**(300,894.9)**
Net Currency Gap	**43,553.5**	**1,465.6**	**5,113.5**	**16,131.9**	**11,853.2**	**185.9**	**78,303.6**

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.4 Currency risk (cont'd)

5.4.1 Currency sensitivity

The following table details the sensitivity to a change in the relevant foreign currencies against the functional currency of the Bank, Myanmar Kyat. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusted for their translation at the period end for the change in foreign currency rates below.

The following table sets out the increase (decrease) to the Bank's profit before income tax arising from a 10% appreciation of the relevant foreign currency against the functional currency of the Bank. A 10% depreciation will have the opposite impact to the Bank's profit before income tax.

Kyats in million	March 31, 2024	March 31, 2023
USD	11,275.5	4,355.4
EUR	300.8	146.6
SGD	728.4	511.4
CNY	372.8	1,613.2
HB	280.9	1,185.3
JPY	46.3	18.6
	13,004.6	7,830.4

6. CAPITAL MANAGEMENT

The objectives of the Bank's capital management are to maintain an optimal level of capital, which is adequate to support business growth, commensurate with the Bank's risk profile and meet the regulatory requirements. The management of capital funds is centralised in the Treasury department and monitored daily by the Finance department.

The Bank has adopted the revised computation method in accordance to CBM Notification No. 16/2017 *Capital Adequacy Regulation (CAR)* issued on July 7, 2017, effective from the date of issuance. The revised computation of the capital adequacy ratios is based on the Bank's core capital and risk weighted assets. According to the new regulation, the Bank considers its core capital (Tier 1 capital) to include issued and paid-up capital, statutory reserves and retained earnings. Supplementary capital (Tier 2 capital) includes general loan loss reserves on credits. The Bank's risk weighted assets include loans and advances, all other assets and off-balance-sheet items.
As at March 31, 2024, the Bank reported a Tier 1 capital ratio of 7.72% (4% fixed by CBM) and capital adequacy ratio of 10.67% (8% fixed by CBM) based on the revised computation method stipulated by CBM.

7. RELATED PARTY TRANSACTIONS

The Bank's shareholders are disclosed in Note 24. U Zaw Zaw is the Major shareholder with 74% of total shares in the bank. The Bank is managed by nine members of Board of directors including three Independent Non-Executive Directors. The Bank's related parties are determined based on the CBM Directive 11/2019 dated March 25, 2019 and IAS 24 Related party disclosures.

7. RELATED PARTY TRANSACTIONS (CONT'D)

7.1 Compensation of Key Management Personnel

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any director (whether executive or otherwise) of the Bank.

The following table sets out the compensation for Key Management Personnel of the Bank in exchange for services rendered to the Bank for the period they served during the year:

Kyats in million	April 01, 2023 to March 31, 2024	April 01, 2022 to March 31, 2023
Key Management's remuneration	4,122.9	4,305.2

7.2 Transactions with Related Parties

All related party transactions were made in the ordinary course of business on an arm's length basis. In addition to information disclosed elsewhere in the financial statements, the following table sets out other significant transactions and balances with related parties:

Kyats in million	April 01, 2023 to March 31,2024	April 01, 2022 to March 31,2023
Transactions with related parties during the financial year:		
Interest/ expenses paid/accrued	9,688.8	2,747.3
Other payments to related parties during the financial year:		
Payments for property, plant-and equipment	2,641.1	5,736.3

	March 31, 2024	March 31, 2023
Balances from related parties as at the end of financial year:		
Deposit held		
Max Energy Co., Ltd	10,307.8	6,580.2
Max (Myanmar) Construction Co., Ltd	360.3	298.1
Max Group	292.3	600.5
Ayeyar Myanmar Insurance Co., Ltd	0.1	0.1
Deposit for Rent		
Max (Myanmar) Hotel Co., Ltd	3.0	3.0
Investment with related parties as at the end of financial year:		
AYA Trust Securities	1,500.0	1,500.0
Receivable from AYA Trust		
AYA Trust Securities Co., Ltd	3,000.8	4,667.3
AYA SOMPO Insurance Co., Ltd	141.5	105.4

8. CASH AND CASH EQUIVALENTS

Kyats in million	March 31, 2024	March 31, 2023
Cash on hand	235,013.3	297,129.8
Account with Central Bank of Myanmar	234,226.9	314,939.9
Account with foreign banks	142,776.9	114,767.7
Account with state-owned banks	5,689.7	1,679.5
Account with private and other banks	60,662.9	32,178.2
	678,369.7	**760,695.1**
Less: Cash and balances with central bank of Myanmar(CBM)- restriced for 3.5% on Myanmar Currency (3.0% on Mar 31, 2023) and 5% on Foreign Currency for minimum reserve[a,b]	(242,931.0)	(175,213.1)
	435,438.7	**585,481.9**

Minimum reserve requirement *Kyats in million*	March 31, 2024	March 31, 2023
Myananmar Currency requirement		
Bank's depoist at Central Bank- CAB	202,431.3	140,988.1
Cash on hand	33,738.6	28,197.6
Total Myanmar currency	**236,169.9**	**169,185.7**
Foreign Currency requirement		
(As of March 31, 2024 USD 3,219,609.8 @ 2100, As of March 31, 2023 USD 2,870,167.37@ 2100)	6,761.2	6,027.4
Total minium reserve requirement	**242,931.0** [a]	**175,213.1** [b]

[a] The Central Bank of Myanmar ("CBM") letter No.Mababaı MP/FIR/ငွေကြေးမူဝါဒ 5/ 619/2023-2024 dated March 22, 2024.

[b] The Central Bank of Myanmar ("CBM") letter No.Mababaı MP/FIR/ငွေကြေးမူဝါဒ 5/ 645/2022-2023 dated March 22, 2023.

The Bank maintained Cash on Hand- Kyats 235,013.3 million, Account with central bank of Myanmar- CAB- Kyats 214,592.5 million and Account with central bank of Myanmar -United State Dollars 9.4 million, which was equivalent to Kyat 234,226.9 million in deposit at central bank (March 31, 2023: Cash on Hand- Kyats 297,129.8 million, Account with central bank of Myanmar- CAB- Kyats 295,106.5 million and Account with Central Bank of Myanmar -United State Dollars 9.4 million, which was equivalent to Kyat 314,939.9 million in deposit at central bank).

9. PLACEMENT WITH OTHER FINANCIAL INSTITUTIONS

Kyats in million	March 31, 2024	March 31, 2023
Placement with foreign banks	220,350.0	153,200.0
	220,350.0	**153,200.0**

10. INVESTMENT SECURITIES

Kyats in million Investment Securities	March 31, 2024	March 31, 2023
At amortised cost,		
- Government treasury bonds (Note 10.1)	2,103,852.2	1,959,187.4
- Government treasury bills	190,697.4	57,974.0
Investment Securities cost	**2,294,549.6**	**2,017,161.4**
Unquoted equity shares		
- Securities-AYA Trust Securities Co., Ltd	1,500.0	1,500.0
- Securities-Myanmar Payment Union PCL	200.0	200.0
- Securities-MB Investment Ltd	693.6	693.6
Unquoted equity shares at cost	**2,393.6**	**2,393.6**
	2,296,943.1	**2,019,554.9**

10.1 Government treasury bonds

Due to adoption application of IFRS 9,the following financial statement line items are affected.

Kyats in million

	March 31, 2024	March 31, 2023
Reported balance (MFRS)	2,297,073.7	2,019,198.4
Adjustment for IFRS 9	-	-
Prior year adjustment	(2,037.0)	(848.2)
Current year adjustment	(487.2)	(1,188.8)
Balance (IFRS)	**2,294,549.6**	**2,017,161.4**

The impact of the adoption of IFRS 9 on the full year of 2024 and full year of 2023 results are as follows:

Kyats in million

	2024 MFRS	IFRS 9 Impacts	2024 IFRS
Income statements			
Interest income (Note 28)	578,745.4	(487.2)	578,258.2
Income tax	(17,638.1)	107.2	(17,530.9)
Total comprehensive income for the year	57,772.4	(380.0)	57,392.4
Statement of financial position			
Investment securities	2,297,073.7	(2,524.2)	2,294,549.6
Other Asset (deferred tax)	426,447.3	566.1	427,013.5
Other liabilities (Including deferred tax liabilities)	142,378.3	51.5	142,429.9
Retained earnings	165,207.0	(2,009.6)	163,197.5

10. INVESTMENT SECURITIES (CONT'D)
10.1 Government treasury bonds (cond't)

Kyats in million

	2023 MFRS	IFRS 9 impacts	2023 IFRS
Income statements			
Interest income (Note 28)	484,260.9	(1,188.8)	483,072.2
Income tax	(15,256.8)	261.5	(14,995.3)
Total comprehensive income for the year	49,618.7	(927.2)	48,691.5
Statement of financial position			
Investment securities	2,019,198.4	(2,037.0)	2,017,161.4
Other Asset (deferred tax)	238,168.8	459.0	238,627.8
Other liabilities (Including deferred tax liabilities)	133,819.2	51.5	133,870.7
Retained earnings	121,878.7	(1,629.6)	120,249.1

11. LOANS AND ADVANCES

Kyats in million	March 31, 2024	March 31, 2023
Demand loans	2,943,669.5	2,468,122.6
Overdarfts*	949,513.2	538,584.1
Hire purchase	537,794.7	261,707.9
Staff loans	6,157.8	3,337.7
Credit card receivables from customers	63,197.7	21,913.5
Interest in suspense (Credit Card Only)	(5,207.3)	(5,428.8)
Loans and advances, gross	**4,495,125.6**	**3,288,237.0**
Less: Specific allowance **	(67,386.8)	(74,853.1)
Loans and advances, net	**4,427,738.7**	**3,213,383.9**

*It is the inclusive of Currency Swap & Trade Finance of 256,755.3 million Kyats as of March,31 2024 and 76,334.3 million Kyats as of March 31, 2023 respectively.

** The Bank provided the specific allowance of 11,453.8 million Kyats on the shortfall of collaterals based on CBM Notification No.17/2017, Assets Classification and Provisioning Regulations, and CBM Instruction Letter No.12/2023 dated August 31,2023 and obtained a write-back of 18,119.9 million Kyats during the year. The Bank recovered 6,666.1 million Kyats during the year (Note 27), (FY 2022-2023, the Bank had provided the specific allowance amounting 16,265.1 million Kyats).

12. OTHER ASSETS

Kyats in million	March 31, 2024	March 31, 2023
Interest receivable	384,542.6	356,377.2
Interest in suspense	(187,325.2)	(188,411.1)
Interest in suspense(penalty fees only)	(136,177.6)	(105,767.9)
Prepayments	15,653.7	14,132.7
Advance tax (FY Mini 2022)	-	8,761.4
Advance tax (FY 2022-2023)	8.1	11,965.0
Advance tax (FY 2023-2024)	8,584.0	-
Foreclosed properties *	42,127.0	26,215.0
Other receivables	279,685.1	96,043.6
Stock	5,259.4	1,653.8
Receivable from credit card providers	1,225.8	858.6
Deferred tax assets	944.6	837.4
	414,527.5	**222,665.7**

*The Bank took possession of properties which were held as security for defaulted loan with the intention for sale. The foreclosed properties (repossessed properties) were recorded at the transacted price and perform fair value exercise at the end of reporting period.

13. INVESTMENT PROPERTY

Kyats in million	March 31, 2024	March 31, 2023
Investment property	**3,412.4**	**3,484.1**

13.1 Investment property - Building

Kyats in million	As at Mar 31, 2024	As at Mar 31, 2023
Cost		
Balance b/f	3,585.7	3,585.7
Additon	-	-
Transferred from PPE	-	-
Balance c/f	**3,585.7**	**3,585.7**
Accumlated depreciation		
Balance b/f	(101.6)	(29.9)
Depreciation for the year	(71.7)	(71.7)
Transferred depreciation from PPE	-	-
Balance c/f	**(173.3)**	**(101.6)**
Accumulated impairment loss		
Balance b/f	-	-
Impairment loss for the year	-	-
Balance c/f	**3,484.1**	**-**
Carrying amount	**3,412.4**	**3,484.1**

14. PROPERTY, PLANT AND EQUIPMENT

Kyats in million	Land	Building	Office machine and other equipment	Furniture, fixtures and fittings	Electrical equipment and computer accessories	Motor vehicles	Total
Cost							
Balance at April 1, 2022	**170,358.8**	**171,196.8**	**34,831.5**	**6,681.7**	**53,579.2**	**11,653.0**	**448,301.0**
Additions	1,000.8	5,754.5	82.8	288.3	2,604.8	524.0	10,255.3
Transfer	(546.0)	(1,677.8)	-	-	-	-	(2,223.8)
Disposals	(3,260.0)	-	-	(11.3)	(3.6)	(880.3)	(4,155.2)
Write offs	-	-	(57.0)	(45.4)	(254.6)	(47.8)	(404.9)
Reclassifications	-	-	-	-	-	-	-
Balance at March 31, 2023	**167,553.7**	**175,273.5**	**34,857.3**	**6,913.2**	**55,925.7**	**11,248.8**	**451,772.3**
Additions	1,975.6	18,899.0	1,324.0	130.1	3,102.8	962.7	26,394.4
Transfer	-	-	-	-	-	-	-
Disposals	(15,335.9)	(612.8)	(35.8)	-	-	(774.9)	(16,759.4)
Write offs	-	-	(107.9)	(38.9)	(196.3)	-	(343.1)
Reclassifications	-	(3,477.6)	35.8	5.6	105.8	150.7	(3,179.8)
Previous Year adjustment	-	-	(42.3)	-	-	-	(42.3)
Balance at March 31, 2024	**154,193.4**	**190,082.0**	**36,031.1**	**7,010.0**	**58,938.0**	**11,587.3**	**457,841.9**
Accumulated depreciation							
Balance at October 1, 2022	-	**28,906.8**	**19,359.0**	**3,367.5**	**44,375.5**	**6,411.7**	**102,420.4**
Depreciation for the year	-	3,449.6	3,356.6	655.0	4,016.5	1,070.3	12,548.1
Disposals	-	-	-	(9.5)	(2.2)	(426.0)	(437.7)
Write offs	-	-	(53.9)	(33.7)	(253.2)	(47.8)	(388.7)
Reclassifications	-	(18.6)	-	(0.1)	-	-	(18.7)
Balance at March 31, 2023	-	**32,337.8**	**22,661.7**	**3,979.2**	**48,136.6**	**7,008.2**	**114,123.6**
Depreciation for the year	-	3,643.5	3,252.2	672.7	3,060.4	1,058.0	11,686.8
Disposals	-	(1.1)	(35.4)	-	-	(529.6)	(566.1)
Write offs	-	-	(98.8)	(30.4)	(187.3)	-	(316.5)
Reclassifications	-	(3,477.6)	35.8	5.6	105.8	150.7	(3,179.8)
Prior year adjustment	-	-	(18.6)	-	-	-	(18.6)
Balance at March 31, 2024	-	**32,502.6**	**25,796.9**	**4,627.1**	**51,115.4**	**7,687.3**	**121,729.3**
Carrying amount							
As at March 31, 2023	**167,553.7**	**142,935.6**	**12,195.6**	**2,933.9**	**7,789.1**	**4,240.7**	**337,648.6**
As at March 31, 2024	**154,193.4**	**157,579.4**	**10,234.2**	**2,382.9**	**7,822.5**	**3,900.0**	**336,112.7**

15. RIGHT-OF-USE ASSETS

Due to adoption of IFRS 16, the movement of the Right-Of-Use Assets is as folows:

Kyats in million

	March 31, 2024	March 31, 2023
Cost		
Opening	60,234.2	60,706.6
Adjustment & addition for IFRS 16	4,000.8	(472.4)
Balance (IFRS)	**64,235.0**	**60,234.2**
Accumulated amortization		
Opening	41,911.7	35,809.0
Adjustment & addition for IFRS 16	6,693.5	6,102.7
Balance (IFRS)	**48,605.3**	**41,911.7**
Carrying amount	**15,629.8**	**18,322.4**

The Bank leases mainly land and buildings for its head office and branches.

The following financial statement line items are affected due to the impact of the adoption of IFRS 16 (on full year of 2024 and the full year of 2023) and the results are as follows:

Kyats in million

	2024 MFRS	IFRS 16 impacts	2024 IFRS
Income statements			
Amortisation (Including Depreciation and amortisation)	(15,354.7)	(6,693.5)	(22,048.2)
Finance cost (Including interest expenses)	(453,095.3)	(604.8)	(453,700.1)
Rental expenses (including Operating lease expenses)	(9,055.4)	8,250.4	(804.9)
Income tax expenses	(17,638.1)	(209.5)	(17,847.6)
Total comprehensive income for the year	57,772.4	742.6	58,515.1
Statement of financial position			
Right-of-use assets (Note 15)	-	64,235.0	64,235.0
Accumulated amortisation(Disclosed under Right- of -use assets (Note 15)	-	48,605.3	48,605.3
Lease liabilities (Note 22)	-	(5,846.8)	(5,846.8)
Other assets (including prepayment & deferred tax assets)(Note 12)	426,447.3	(12,486.0)	413,961.4
Other liabilities including deferred tax liabilities	(142,378.3)	1,936.9	(140,441.5)
Retained earnings	165,207.0	(4,639.9)	160,567.2

15. RIGHT-OF-USE ASSETS (CONT'D)

Kyats in million

	2023 MFRS	IFRS 16 impacts	2023 IFRS
Income statements			
Amortisation (Including Depreciation and amortisation)	(17,916.0)	(6,102.7)	(24,018.7)
Finance cost (Including interest expenses)	(354,804.3)	(771.7)	(355,576.0)
Rental expenses (including Operating lease expenses)	(8,396.0)	8,188.1	(207.9)
Income tax expenses	(15,256.8)	(289.0)	(15,545.8)
Total comprehensive income for the year	49,618.7	1,024.6	50,643.4
Statement of financial position			
Right-of-use assets (Note 15)	-	60,234.2	60,234.2
Accumulated amortisation(Disclosed under Right- of -use assets (Note 15)	-	(41,911.7)	(41,911.7)
Lease liabilities (Note 22)	-	(6,015.6)	(6,015.6)
Other assets (including prepayment & deferred tax assets)(Note 12)	238,168.8	(15,962.0)	222,206.8
Other liabilities including deferred tax liabilities (Note 21)	(133,819.2)	(1,727.4)	(135,546.6)
Retained earnings	121,878.7	(5,382.6)	116,496.1

16. INTANGIBLE ASSETS

Kyats in million	March 31, 2024	March 31, 2023
Software		
Cost		
Balance b/f	**23,005.4**	**19,303.8**
Additon	3,593.1	3,826.1
Current year reclassifications	42.3	(124.4)
Balance c/f	**26,640.8**	**23,005.4**
Accumlated depreciation		
Balance b/f	**(9,481.4)**	**(4,196.5)**
Depreciation for the year	(3,596.1)	(5,284.8)
Prior year reclassifications	(18.6)	-
Balance c/f	**(13,096.1)**	**(9,481.4)**
Carrying amount	**13,544.7**	**13,524.1**

17. BORROWING FROM BANKS

Kyats in million	March 31, 2024	March 31, 2023
Borrowing from CBM	521,006.1	65,783.7
Borrowing from Cathay United Bank	-	21,000.0
	521,006.1	**86,783.7**

18. DEPOSITS FROM BANKS

Kyats in million	March 31, 2024	March 31, 2023
Current deposits of state banks	32,287.3	15,507.3
Current deposits of foreign banks	2,777.4	4,724.6
Current deposits of private banks	944.9	1,124.3
	36,009.5	**21,356.2**

19. DEPOSITS FROM CUSTOMERS

Kyats in million	March 31, 2024	March 31, 2023
Saving deposits of customers	962,390.2	1,257,571.2
Fixed deposits of customers	2,037,575.8	1,945,516.8
Call deposits of customers	3,594,571.1	2,257,777.8
Current deposits of customers	573,045.2	603,285.1
	7,167,582.3	**6,064,150.9**

20. REPURCHASE AGREEMENTS

Kyats in million	March 31, 2024	March 31, 2023
Repurchase agreements	32,123.8	-
	32,123.8	-

21. OTHER LIABILITIES

Kyats in million	March 31, 2024	March 31, 2023
Accrued interest payable	39,124.1	41,556.6
Sundry deposits	10,849.9	11,284.0
FE Equivalent Account	(69,680.2)	(3,662.0)
Payment order account	8,026.1	7,842.1
Card payables	24,308.5	19,486.8
2% General provision GLLR	48,911.3	24,904.7
Provision for operational risk	4,993.3	-
Interbank borrowing money market	47,442.0	-
Income tax payable (Note 21.1)	17,641.8	24,732.0
Wages and salary payable	5,175.6	4,975.6
Unearned income	1,616.2	375.6
Sundry creditors	3,375.4	1,785.4
Unclaimed liabilities	594.1	538.4
Deferred tax liabilities (IFRS 9 & 16)	1,988.4	1,778.9
	144,366.7	**135,598.1**

21.1 2% General provision GLLR

Other Liabilities	March 31, 2024	March 31, 2023
Balance b/f	24,904.7	-
Transferred from General reserves	-	24,904.7
Provision for the year	24,006.7	-
Balance c/f	**48,911.3**	**24,904.7**

2% General provision GLLR (cont'd)

Total amount of 2% General provision GLLR

Kyats in million	General Reserves	Other liabilities	Total
As at April 1, 2022	66,000.0	-	66,000.0
Addition	-	-	-
Transfer	(24,904.7)	24,904.7	-
As at March 31, 2023	**41,095.3**	**24,904.7**	**66,000.0**
Addition	-	24,006.7	24,006.7
As at March 31, 2024	**41,095.3**	**48,911.4**	**90,006.7**

21.2 Income tax payable*

	March 31, 2024	March 31, 2023
Income tax payable (FY Mini 2021-2022)	-	8,760.4
Income tax payble (FY 2022-2023)	-	15,971.6
Income tax payable (FY 2023-2024)	17,641.8	-
	17,641.8	**24,732.0**

*As of March 31, 2024, the bank had settled income tax Kyats 8,760.4 million for FY 2021-2022 and Kyats 15,971.6 for FY 2022-2023. In April 2024, the bank has paid total amount Kyat 17,647.1 million for FY 2023-2024.

22. LEASE LIABILITIES

Due to adoption application of IFRS 16, the movement of the lease liabilities is as folows:

Kyats in million	March 31, 2024	March 31, 2023
Opening	6,015.6	11,395.9
Adjustment as per IFRS 16		
Lease adjustment	-	-
Prior year adjustment	-	-
Current year adjustment	3,139.8	(601.1)
Addition	497.1	5.5
Lease payments	(4,410.5)	(5,556.4)
Interest expenses	604.8	771.7
Balance (IFRS) (Note 15)	**5,846.8**	**6,015.6**

The Bank leases mainly land and buildings for its head office and branches, ATM's places and foreign exchange counter.

23. SUBORDINATED DEBT

Kyats in million	March 31, 2024	March 31, 2023
Subordinated Debt (US$ 40M @2100 in 2023)	84,000.0	84,000.0
	84,000.0	**84,000.0**

Pursuant to the issuance by CBM of their Directive 3/2019 on January 24th, 2019, the Bank had entered into an agreement to take the subordinated facilitiy from Mizuho Bank. Following the receipt of the requisite approval from CBM, the Bank received the the Suburdinated Debt on November 8th, 2019. The Subordinated Debt is in the amount of USD 40 million for a tenor of 10 years. The Investor may not call for the repayment any time earlier, however, the bank may prepay any time after 2 years. As of March 31, 2024, the interest is payable on quarterly basis at the rate of 3 months SOFR rate+0.26161% (adjustment rate) plus 3% margin.

24. SHARE CAPITAL

	Number of Ordinary Shares	Share Capital
		(Kyats in million)
Issued and paid up:		
As at October 1, 2022	1,400,000	140,000.0
Issued in the year	90	9.0
As at March 31,2023	**1,400,090**	**140,009.0**
Issued in the year	-	-
As at March 31, 2024	**1,400,090**	**140,009.0**

The following table sets out the shareholders of the Bank as at the end of the reporting period:

	Kyats in million	March 31, 2024		March 31, 2023	
S/N	Shareholder	Number of Ordinary Shares held	Percentage	Number of Ordinary Shares held	Percentage
1	U Zaw Zaw	1,036,000	74.0%	1,036,000	74.0%
2	Daw Htay Htay Khaing	170,000	12.2%	170,000	12.2%
3	U Than Zaw	34,000	2.4%	34,000	2.4%
4	U Soe Tint	63,000	4.5%	63,000	4.5%
5	U Ohn Kyaw @ U Aye Thwin	63,000	4.5%	63,000	4.5%
6	Daw San San	34,000	2.4%	34,000	2.4%
7.	Daw Khin Saw Oo	30	NS*	30	0.0%
8.	U Myint Zaw	30	NS*	30	0.0%
9.	Daw Khin Ma Ma	30	NS*	30	0.0%
		1,400,090	**100.0%**	**1,400,090**	**100.0%**

* Not significant

25. RESERVES

Kyats in million	Statutory Reserves[1]	General Reserves[2]	Total
As at October 1, 2022	**50,656.9**	**66,000.0**	**116,656.9**
Addition	12,431.2	-	12,431.2
Transfer[3]	-	(24,904.8)	(24,904.8)
Prior year adjustment*	(1,779.6)	-	(1,779.6)
As at March 31, 2023	**61,308.6**	**41,095.2**	**102,403.8**
Addition	14,534.7	-	14,534.7
As at March 31, 2024	**75,843.3**	**41,095.2**	**116,938.5**

*** Restated**

1 Section 35(a) of the Financial Institutions Law of Myanmar 2016 requires, the Bank to provide 25% of Net Profit after Tax in a Statutory Reserve account until the account reaches 100% of paid-up capital of the Bank.

2 The Central Bank of Myanmar ("CBM") Notification No. 17/2017 requires the Bank to set aside 2% (March 31, 2023 2%) of the total balance of Loans and advances as General Reserves. As at the date of this report, the Bank is compliant with this regulatory requirement.

3 The provision amount of General provision GLLR Kyats 24,904.7 million that has been provided on Net profit before tax was transferred to Other liabilities (Note 21).

26. CONTINGENT LIABILITIES

The following sets out the Bank's contingent liabilities as at the end of the reporting period, based on the maximum amount the Bank would have to pay if the obligations of the instruments issued are called upon:

Kyats in million	March 31, 2024	March 31, 2023
Import letters of credit	-	-
Bank guarantees	94,799.8	67,626.1
	94,799.8	**67,626.1**

27. COMMITMENTS

27.1 Outstanding commitments

At the end of the reporting period, the Bank has the following commitments:

In Kyats millions	March 31, 2024	March 31, 2023
Undrawn loan commitments	404,675.8	210,135.8
	404,675.8	**210,135.8**

27.2 Minimum lease payments

In Kyats millions	April 1, 2023 to March 31, 2024	April 1, 2022 to March 31, 2023
Minimum lease payments paid under operating leases recognised as an expense during the year (Note 32)	804.9	207.9
	804.9	**207.9**

28. NET INTEREST INCOME

Interest income comprises interest arising from various types of lending and investment activities. Interest expense comprises all interest incurred on deposits and borrowings from bank and non-bank customers.

Interest income and expense include the following:

Kyats in million	April 1, 2023 to March 31, 2024	April 1, 2022 to March 31, 2023
Interest income arising from:		
Loans and advances	346,058.0	283,487.6
Investment securities	194,148.0	185,138.4
Deposits with banks	19,212.6	6,111.5
Trade finance	18,839.7	8,334.6
	578,258.2	**483,072.2**
Interest expense arising from:		
Deposits from bank and non-bank customers	(413,538.7)	(338,415.0)
Borrowings from banks	(39,556.6)	(16,389.3)
Finance cost	(604.8)	(771.7)
	(453,700.1)	**(355,576.0)**
Net interest income	**124,558.2**	**127,496.2**

29. FEE AND COMMISSION INCOME, NET

Fees, commission and service charges income are generated from the range of activities that the Bank provides. Below is the breakdown on fees on commission income and expense.

Kyats in million	April 1, 2023 to March 31, 2024	April 1, 2022 to March 31, 2023
Fee and commission income:		
Service charges	89,153.3	39,686.4
Commission fees	11,031.8	18,394.4
Exchange fees	9,163.8	7,292.5
Commitment fees	178.2	703.3
Default fees	9,923.1	20,273.2
SWIFT/Telex charges	53.8	93.4
	119,504.0	**86,443.2**
Fee and commission expense:		
Bank charges	(61,625.1)	(21,302.7)
Net fee and commission income	**57,878.9**	**65,140.5**

30. OTHER INCOME/(EXPENSE)

Kyats in million	April 1, 2023 to March 31, 2024	April 1, 2022 to March 31, 2023
Foreign exchange gain/ (loss)	1,164.5	(6,850.0)
Foreign exchange transaction gain/ (loss)	48,475.7	14,846.7
Others	2,410.1	186.1
Specific allowance recovery	6,666.1	-
	58,716.4	**8,182.7**

31. GENERAL AND ADMINISTRATIVE EXPENSE

Kyats in million	April 1, 2023 to March 31, 2024	April 1, 2022 to March 31, 2023
Wages and salaries	47,072.4	35,705.6
Supplies and services	20,507.8	15,703.2
Maintenance and repair	14,999.7	10,958.5
Professional fees	7,106.0	6,855.2
Other personnel costs	9,526.5	8,788.3
Rates and taxes	2,012.3	1,799.8
Advertising and branding	6,262.6	2,910.9
Travel and entertainment	116.8	50.7
Social security contributions	644.2	574.8
Insurance	483.8	494.9
	108,732.1	**83,841.9**

32. Operating lease expenses

Kyats in million	April 1, 2023 to March 31, 2024	April 1, 2022 to March 31, 2023
Minimum lease payments paid under operating leases recognised as an expense during the year	**804.9**	**207.9**

Operating lease payments represent rentals payable by the Bank for its leases of land and buildings for its head office and branches with lease term less than a year.

33. OTHER OPERATING EXPENSE

Kyats in million	April 1, 2023 to March 31, 2024	April 1, 2022 to March 31, 2023
Miscellaneous expenses	3,106.7	3,078.5
Provision for Operational risk	4,993.3	-
Others	1,586.0	8,407.0
	9,686.0	**11,485.5**

34. INCOME TAX EXPENSE

The Bank estimates income tax expense on profit to approximate Myanmar's corporate tax rate of 22% of profit before tax, net of tax adjustments.

Kyats in million	April 1, 2023 to March 31, 2024	April 1, 2022 to March 31, 2023
Income tax on ordinary income for the period*	17,744.1	16,001.6
Tax Release Adjustment for FY 2021-22/ FY 19-20	(3.7)	(714.8)
Tax Expenses for the year	**17,740.4**	**15,286.8**

*Income tax on ordinary Income for the period	April 1, 2023 to March 31, 2024	April 1, 2022 to March 31, 2023
Profit before tax	**75,875.5**	**65,011.8**
Adjustment for FX revaluation loss / (gain)	(1,164.5)	6,850.0
Adjustment of net gain of disposal	(238.7)	(187.0)
Operational risk provision	5,000.0	-
Adjustment of capital gain tax	99.8	18.7
Taxable income	**79,572.2**	**71,693.5**
Income tax effect at Statutory Rate 22%	17,505.9	15,772.6
Effect of expenses that are not deductible in determining taxable profit	238.2	229.0
Over provision for Income tax of FY (2021-2022)	(3.7)	-
Others	-	-
Tax release adjustment FY 2019-2020	-	(714.8)
Income tax expense/(credit) recognised in profit or loss	**17,740.4**	**15,286.8**

35. CURRENT AND NON-CURRENT ASSETS AND LIABILITIES

In Kyats millions	Current	Non-current	Total
As at March 31, 2024			
ASSETS			
Cash and cash equivalents	678,369.7	-	678,369.7
Placement with other financial institutions	220,350.0	-	220,350.0
Investment securities	762,829.2	1,534,114.0	2,296,943.1
Loan and advances	2,863,574.0	1,564,164.8	4,427,738.7
Bills receivable	1,474.3	-	1,474.3
Other assets	414,527.5	-	414,527.5
Investment property	-	3,412.4	3,412.4
Property, plant and equipment	-	336,112.6	336,112.6
Right-of-use assets	5,329.2	10,300.5	15,629.8
Intangibles	-	13,544.7	13,544.7
	4,946,453.8	**3,461,649.0**	**8,408,102.8**
LIABILITIES			
Borrowing from state banks	521,006.1	-	521,006.1
Deposits from banks	36,009.5	-	36,009.5
Deposits from customers	6,937,187.1	230,395.1	7,167,582.3
Repurchase agreements	32,123.8	-	32,123.8
Other liabilities	142,378.3	1,988.4	144,366.7
Lease liabilities	433.9	5,413.0	5,846.8
Subordinated debt	-	84,000.0	84,000.0
	7,669,138.8	**321,796.5**	**7,990,935.3**

In Kyats millions	Current	Non-current	Total
As at March 31, 2023			
ASSETS			
Cash and cash equivalents	760,695.1	-	760,695.1
Placement with other financial institutions	153,200.0	-	153,200.0
Investment securities	291,262.6	1,728,292.3	2,019,554.9
Loan and advances	2,116,007.8	1,097,376.0	3,213,383.9
Bills receivable	14,458.0	-	14,458.0
Other assets	222,665.7	-	222,665.7
Investment property	-	3,484.1	3,484.1
Property, plant and equipmen	-	337,648.7	337,648.7
Right-of-use assets	5,617.6	12,704.8	18,322.4
Intangibles	-	13,524.1	13,524.1
	3,563,906.9	**3,193,030.0**	**6,756,936.9**
LIABILITIES			
Borrowing from state banks	86,783.7	-	86,783.7
Deposits from banks	21,356.1	-	21,356.1
Deposits from customers	5,810,504.4	253,646.4	6,064,150.9
Repurchase agreements	-	-	-
Other liabilities	133,819.2	1,778.9	135,598.1
Lease liabilities	736.5	5,279.1	6,015.6
Subordinated debt	-	84,000.0	84,000.0
	6,053,200.0	**344,704.5**	**6,397,904.5**

36. ROUNDING OF AMOUNTS

Amounts in this report have been rounded off to the nearest million currency units, or in certain cases, the nearest MMK.

37. COMPARATIVE FIGURES

The financial statements for twelve-month year ended March 31, 2024 and the financial statements for the twelve-month year ended March 31, 2023 are presented as comparative figures of the current period financial statements. Therefore, the amounts presented in the financial statements are not entirely comparable.

38. EVENTS AFTER REPORTING PERIOD

Despite the challenges and unforeseen circumstances on current market and economic environment in Myanmar, the Bank continues to review and update its Business Continuity Plans to ensure that they are up-to-date and aligned with any changes in the business environment, regulatory requirements, or technological advancements to maintain a sustainable growth.

The bank's internal policies and Standard Operating Procedures (SOPs) are reviewed regularly to ensure the bank stays competitive in the industry and effectively manage the business and operations.

Supporting customers

The Bank's primary focus of providing quality services to its customers in a more convenient channels was not changed. It continuously monitors the ways it serves the customers and the customers' journey. It continuously invests in technology infrastructure to give better customers' experience through digitalization of its operational processes. Understanding the customers' needs and providing customized solutions to suit the demands of the customers have always been one of the key purposes of the Bank.

Supporting its people

Human Resources is the most valuable resources of the Bank, and it sets the clear guidelines on the career development of the employees. The respective departments implemented the Key Performance Indicators (KPI) for performance monitoring and improvement purposes. Internal and external training programs for technical and inter-personal skills are regularly provided to the employees to upgrade the knowledge and skill set required for career development.

Managing a strong balance sheet

The Bank's Assets & Liabilities Management Committee ("ALCO") regularly monitor the efficient utilization of its assets and maintaining the appropriate amount of liabilities in the pursuit of its business objectives despite the market condition remains challenging as at the reporting date. The bank is also monitoring closely the foreign currency management to mitigate the currency risk exposure.

One of the key earning assets to the Bank is loans to the customers and Credit Committee oversights the loans positions to monitor the recoverability and any potential risk exposures in accordance with the Central Bank's guidelines.

The Bank has considered the impact of major events to its knowledge till March 2024 and is in the view that there were no major events requiring significant adjustments to the financial statements except for the continuing impact from the market conditions and other unforeseeable circumstances. However, any unforeseeable effects have not been accounted for in the financial statements.

Managing liquidity

The Bank continue to have a strong liquidity position has a good liquidity position mainly contributed the efficient utilization of fund. The effective management of liquidity ensures that the bank can fulfil the needs of the customers to the best of its ability as and when it is due.

The Bank loan to deposit ratio (LDR) as of March 31, 2024 was 62.47% (March 31, 2023 54.12%) and the Liquidity Ratio as at March 31, 2024 was 36.89% (March 31, 2023 48.85%).

Managing risk exposure

The Bank assess potential risks to its operations and infrastructure and implement mitigation strategies to minimize the impact of disruptive events. Under the guidance of Board Risk and Compliance Committee (BRCC), it continuously reviews the internal policies and procedures to ensure running the business smoothly and in compliance with the regulatory reporting requirements. On a regular basis, the potential risks and mitigating factors are identified to manage the calculated risks. For the purpose of conducting the business operation in prescribed policies and monitoring the potential risk exposure, the internal audit team performs its audit in line with the risk-based approaches to focus more on significant risk areas. With the guidance from Audit Committee, Internal Audit team prepares an annual audit plan and conducts its audit. Regular risk assessment and management trainings are provided to all stakeholders for awareness and risk mitigation purposes.

39. AUTHORIZATION OF FINANCIAL STATEMENTS

The Financial Statements of the Bank for the year ended March 31, 2024 have been authorized for issue on August 20, 2024.

AYA Bank PCL

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