

Annual Report 2019

RISE ABOVE

towards a better Myanmar

Leading
Change,
Humanising
Banking



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Myanmar's Best Bank

Incredible year for uab with multiple awards....

Page 17 >>

Record Profit

Profit After Tax jumped 97.5% YoY...

Page 19 >>

Be The Change

Leading the way towards a better Myanmar...

Page 102 >>

About Our Report

“As a leading financial services provider, one of the key determinants of our continuing success is our accountability and commitment towards our multiple stakeholders. At **uab**, our emphasis is on forging partnerships of trust and strengthening our relationships by creating and delivering value. Our Annual Report is a credible medium to not just disseminate information critical to our business and growth, but to communicate with our stakeholders with integrity and transparency. It is our sincere effort to present the growth story of **uab** and its people.”



Reporting Scope and Boundaries

This Annual Report covers our financial and non-financial performance during the period 1 October 2018 to 30 September 2019. Through this report, it is our good effort to keep our stakeholders abreast of key developments; programmes and initiatives; market challenges and business solutions; our achievements; mid to long-term direction; and the overall health of operations in 2018/2019.

The report also presents rich insights and forward-looking statements on financial position and performance in the year ahead. Our report is kept simple yet informative to be relevant for all our stakeholders.

Our financial statements are independently audited and provide in-depth and transparent disclosure of our financial performance.

In preparing our report, we were guided by the requirements of local and international statutory and reporting frameworks, including those of Central Bank of Myanmar.

This report is available online at <https://www.uab.com.mm/content/uab-annual-report-2019>

Materiality Determination

All our Annual Reports present a balanced and accessible assessment of our strategy, performance, governance and prospects. The various issues and developments included in the 2019 edition were determined by a range of considerations, such as quantitative and qualitative criteria; issues likely to impact our ability to achieve strategic objectives and remain sustainable; matters covered in reports presented to our Board of Directors; the risks identified by our risk management team; and the interests of our key stakeholders. We also consider factors that affect the economic and social environment where we conduct our business.



Annual Report

2019 Content



01 | Message from the Chairman

02 | Overview of uab

- Who We are
- What We Do
- Why uab

03 | Key Highlights of 2019

- Business Highlights
- Financial Highlights

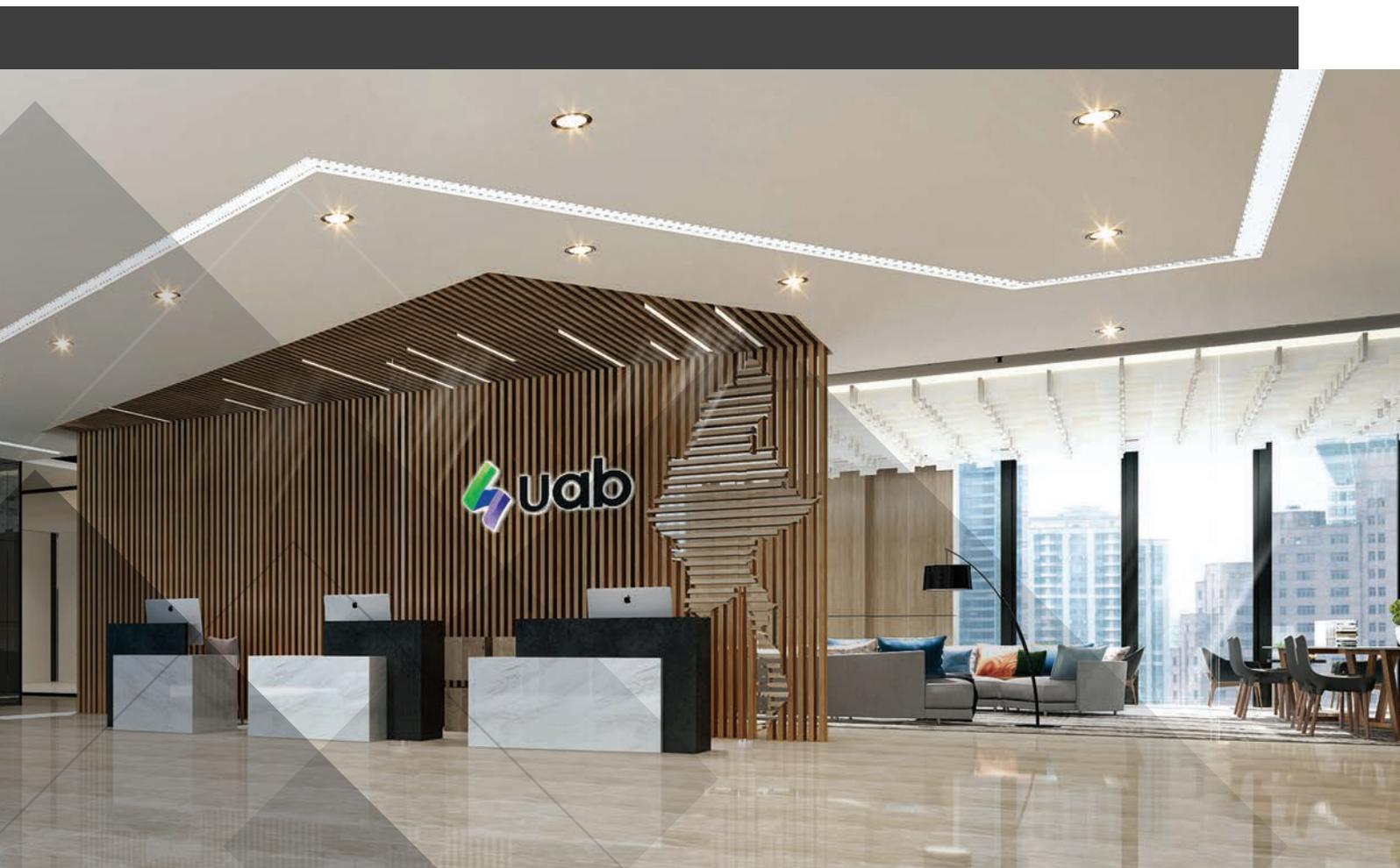
04 | CEO's Overview

05 | Leadership

- Board of Directors
- Profile of the Board of Directors
- Management Committee
- Profile of the Management Committee

06 | Governance

- Corporate Governance Overview Statement
- Statement on Risk Management and Internal Control
- Risk Management Report



07 | Human Capital Report

08 | Sustainability Statement

09 | Corporate Information

10 | Financial Statement

- Directors' Report
- Independent Auditors' Report
- Statement of Financial Position
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flow
- Notes to the Financial Statements

Message from the Chairman

Dear stakeholders,

It is an honour and a privilege to deliver my statement as Chairman of uab bank, witnessing the countless milestones and achievement it has carved in 2019.

Congratulations Team!



Message from the Chairman

The operating environment for banking is becoming increasingly more complex due to the interplay between global socio-political changes, demand shifts, regulations, governance, human capital, technology and our stakeholders' expectations as well as their trust in financial and monetary systems.

Delivering Strong Performance

uab, despite all the extraneous factors, remained true to its “*Rebrand, Refresh & Revenue Growth*” strategies and delivered positive performance with focus and resilience.

Profit after tax increased to **MMK 14,630 million** as of 30 September 2019, doubled that of MMK 7,407 million in the previous year. This is on the back of a 12.5% growth in Gross Loans, with prudent control of cost of funds, operating costs as well as asset quality.

Bringing Digital Banking to Consumers & Businesses

As digitalisation increasingly plays a mission critical role in driving business and economy, **uab** has deployed a mix of strategies to stay ahead in the game, which includes investment in technology and channel improvements – branches, ATMs, Call Centre and Digital Banking Platforms.

We are committed towards delivering simple, fast and seamless banking experiences to customers and businesses. **uab** has in place a robust digital roadmap that is tailored to empower customers and gear businesses for the future with strategic digital initiatives that deliver innovative and versatile financial products and services.

Workforce of the Future

At the core of all business and performance lies the unwavering commitment of our valuable human resources. At **uab**, we see people as enablers of solutions, as change agents and as partners in growth.

We therefore believe in instilling a culture of high-performance and responsibility towards meeting organisational goals. During the year, we lined up different learning points for the management and employees through various external and internal seminars, workshops, trainings and sharing sessions.

We also invested time and resources to ensure that our workplace is conducive to performance and inclusive to meet the needs of all employees at different stages of their careers and lives. Introducing Flexi-Working Hours and abolishing wrapped leave system is part of our greater effort to provide flexibility and supportive work environment for our employees to better manage their work-life effectively.

Building A Sustainable Future

As **uab** continues to grow and chart significant milestones in its business and operations, we recognise the significant role we play as a responsible corporate citizen and the positive long-term impacts we can make towards building a sustainable future.

SUSTAINABLE DEVELOPMENT



With this in mind, **uab** continues to invest and immerse in our long-term sustainability in line with our purpose and mission. This year saw us widening the scope to invest in the future of Myanmar through major sponsorships to Myanmar’s young badminton talent, Thet Htar Thuzar and the contingent to the 46th Southeast Asian and Japanese Youth Program (SSEAYP).

We are committed and will strive to improve our economic, environmental, social and governance performance in the years ahead.

Embracing Values and Principles of Good Governance

The Board continues to enhance the Bank’s corporate governance practices which has shaped the way we operate. We uphold our fiduciary duties as the guardian of public funds and customers’ investments, through sustainable boardroom scrutiny, decision-making and directives, which has ensured the trust from customers and other stakeholders.

Identifying and managing risks is central to the Bank’s business and operations. We are also committed to adopting a culture of excellence not

just in serving our customers but also in ensuring operational excellence and a strong compliance culture.

Our corporate governance efforts have been recognised by the Myanmar Centre for Responsible Business (MCRB), awarding **uab** as #1 among all banks for good governance and business transparency.

Way Forward

The recalibrated structure and strong foundation built over the last 2 years placed us on a stronger footing for the next mid-term strategy, **uab 2025**. It will be about growth and growing our business differently, building **uab** as a “Brand” to bank on.

We will remain focused in *Leading Change and Humanising Banking*, and will continue to develop and implement solutions that make interacting with us easier, faster and more convenient.

Remarks and Recognitions

To all my fellow directors on the various boards within the Bank, thank you for your support, commitment and cooperation. Last but not least, on behalf of the Board, I wish to thank the **uab** Management led by Christopher Loh, MD & CEO, Kyawt Kay Khaing, Deputy CEO and their team for their leadership and strategic direction throughout the year.

I also thank all **uabians**, as well as our stakeholders – business partners, customers, vendors and regulators for their confidence in us and our commitment to continuously deliver value.

I trust 2020 will be another defining year for **uab**, and look forward to your continued support in the year ahead as we chart another journey to **Rise Above** the exciting business landscape.

Ne Aung
Chairman

GOALS



Overview of uab

Who We Are

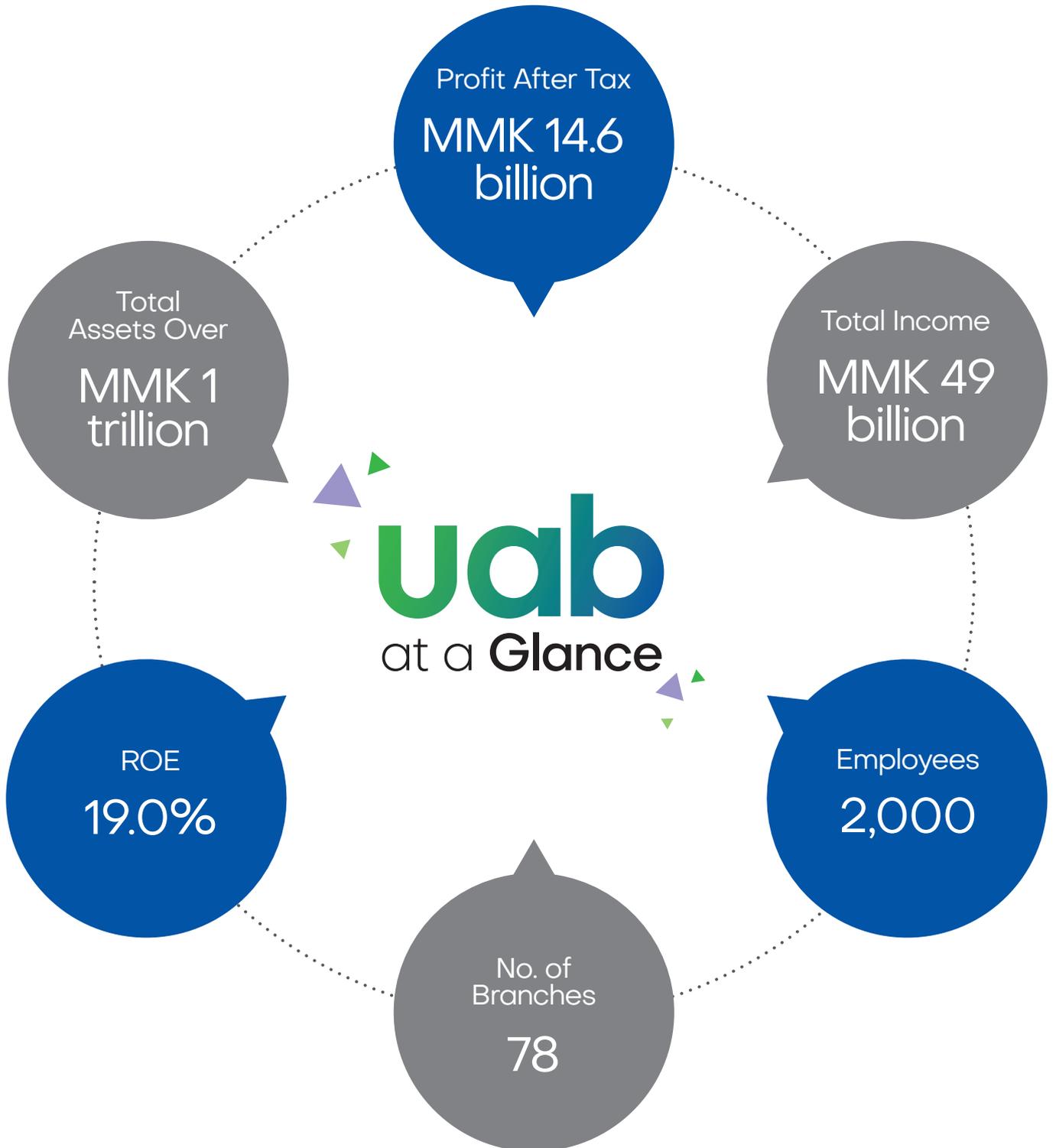
uab bank is a leading bank in Myanmar. Named “Myanmar’s Best Bank” by Euromoney, we are committed to deliver complete solutions to customers through differentiated segment offerings and an ecosystem that supports simple, fast and seamless customer experiences, underpinned by a cohesive and inspired workforce and relationship built with stakeholders.

Established in 2010, we are now serving our customers from a growing network of over 78 branches in 47 townships across Myanmar.





Who We Are *(Group)**



*uab bank Group consists of uab bank Limited and uab securities Limited

Our Purpose is to lead the way towards a better Myanmar, humanising banking, connecting people, creating opportunities and changing lives.



-  We lead changes in financial services. We are an institution of strength built on sound principles and good governance
-  We deliver banking with a heart, we care for our people and the communities we are in
-  We connect people and build relationships to foster a stronger community spirit
-  We create opportunities and a better future for our staff and our customers
-  We are the change that will empower the communities around us, and together enrich the lives of those we touch

What We Do



uab provides a wide range of financial services through our differentiated business segment and subsidiary, uab securities.

Retail & SME Banking

Retail & SME Banking provides various customer banking solutions, such as: -

- Financing facilities - mortgage, auto finance, education loan, personal financing, credit cards and JICA 2-Step Loan
- Deposits - current account, savings and fixed deposits
- Services - ATMs , GIRO payment, payroll, mobile and internet banking

Retail Banking has gained so much traction in 2019 with the rigorous effort in promoting the cashless and contactless banking vide various innovative products and platforms.

Meanwhile, uab is the only PFI that exceeded the target allocated for JICA 2-Step Loan for the Phase 1 that ended in February 2019.

Corporate Banking

Corporate Banking offers a wide range of business solutions to the corporate customers. Amongst all, term loan, working capital, overdraft facilities and current accounts. Corporate Banking remains as our vital portfolio, while we grow other segments to provide a more balanced portfolio for the Bank.

Treasury & Financial Institutions

Treasury is made up of a few key business units offering varieties of Forex buying/selling, swaps and hedging to customers. It also involves in the inter-bank lending/borrowing, Repo and Government bonds investment. Through Funding Centre, it acts as “a bank within the bank” to manage the liquidity and optimise the deployment of funds to ensure efficient use of capital and funding. Meanwhile, FI serves as a vital unit

to support other businesses like Treasury, Trade and Corporate Banking. It establishes and maintains a good relationship with other banks and agencies. It also takes care of MFIs/NBFI and NGO/INGOs.

Trade Finance

Trade Finance provides trade facilities such as Letter of Credit and Bank Guarantees, and remittances vide Western Union, Ria Money etc. In 2019, we managed to launch a few key initiatives. Amongst others, the “Seafarers’ Package” drew very good feedback from the community. We are in the midst of growing our Trade Finance to a full suite Transaction Banking that will offer a comprehensive solution, including online platform for supply chain financing to support the end-to-end working capital needs of clients as well as cash management activities with complete payment and collections services.



uab securities is the subsidiary of uab. uab securities is one of the pioneer investment banking houses to be granted a licence by Securities and Exchange Commission of Myanmar.

uab securities offers a complete range of investment banking products and solutions to retail, mid-market, corporate and institutional clients including the following:

Securities Trading

Securities Trading provides access to shares trading on Yangon Stock Exchange. uab securities is the official trading partner of Yangon Stock Exchange.

Securities Trading also provides over-the-counter trading of Myanmar Government

Treasury Bonds and shares of unlisted public companies in Myanmar.

Investment Banking

Investment Banking provides a wide range of advisory services which includes the following:

- Mergers and acquisition

(“M&A”)

- Capital raising: Initial public offering (“IPO”), placement and rights issue
- Business valuation
- Corporate and debt restructuring
- Debt financing solutions



Why uab ?

2020 ←

RISE ABOVE.

Rebrand. Refresh. Revenue Growth.

Rebrand & Refresh

- Continuous rebranding and refreshing to bring the best of **uab** to every citizen of Myanmar

Revenue Growth

- Committed to achieve better results with more focused business strategies and innovative products & services

RISE ABOVE

- A commitment by uabians to ditch the old mindset, embrace a new mindset that is daring, innovative and seeking to better oneself and together grow **uab** into the best bank and Brand.



→ 2019

Rebrand. Refresh. Revenue Growth.

Rebrand

- Renamed to uab bank Limited
- New Bank Logo
- New Head Office uab Tower @ Times City
- Multiple Awards & Accolades

Refresh

- Refreshed Purpose & Mission Statement
- Refreshed Corporate Website, Face Book
- New Mobile Banking & Internet Banking
- Enhanced Employee Experience & Benefits
- Refreshed Branch Designs
- Refreshed Customer Experience
- Refreshed Corporate Merchandises

Revenue Growth

- Record Profit MMK 14.6 BIL

← 2018

Rebuild. Restructure. Reduce Cost.

Transformation took-off

Changes Across The Board

- Governance
- Business & Branch Operating Model
- Cost Optimisation
- Performance Measurement
- First Annual Report
- Be The Change Myanmar
- Record Profit MMK 7.4 BIL

→ up to 2017

Safe. Sound. Trustworthy.

- United Amara Bank Limited founded in 2010
- Established as a good medium-sized bank with solid foundation



Overview of **uab**

uab Best Bank In Myanmar

2019 – an incredible year for uab

We were named “Myanmar’s Best Bank” by **Euromoney** and **Domestic Retail Bank of The Year** by **Asian Banking & Finance**.

uab was also recognised for its excellence in many areas, from the best Corporate Governance to the Best Office Interior Design and the Best Banking CEO for the Year 2019.

It shows how far **uab** has transformed and progressed to be one of the best bank and brand in Myanmar.





Myanmar's Best Bank 2019

Euromoney



Domestic Retail Bank of The Year 2019

Asian Banking & Finance



PWINT THIT SA
Transparency in Myanmar Enterprises

#1 in Corporate Governance Disclosure

#1 for Disclosure amongst banks in Myanmar

Pwint Thit Sa Report 2019

Myanmar Centre for Responsible Business



Best Office Interior Design & Special

Recognition for Bank Facility

Property Guru Myanmar Property Awards 2019

Best Banking CEO Myanmar 2019

Global Banking & Finance Review

**Best Banking CEO & Most Innovative CEO of
The Year 2019**

Business Worldwide

Banking CEO of The Year Myanmar 2019

International Business Magazine

Business Highlights *(Group)*



Awards & Accolades

Multiple banking and leadership awards including Myanmar's Best Bank 2019 (Euromoney)



Record PAT
MMK 14.6 BIL



New Head Office
uab Tower @ Times City



Corporate Social Responsibility

Sponsorship for Myanmar's young talents, e.g. badminton player Htet Thar Thuzar, hand-picked top students from University of Yangon for the 46th SSEAYP



Digitalisation & Financial Inclusion

Launching of various digital platforms, e.g. Mobile Banking App, refreshed Internet Banking, first bank in Myanmar with EMV enabled at ATM, wireless Head Office...and many more



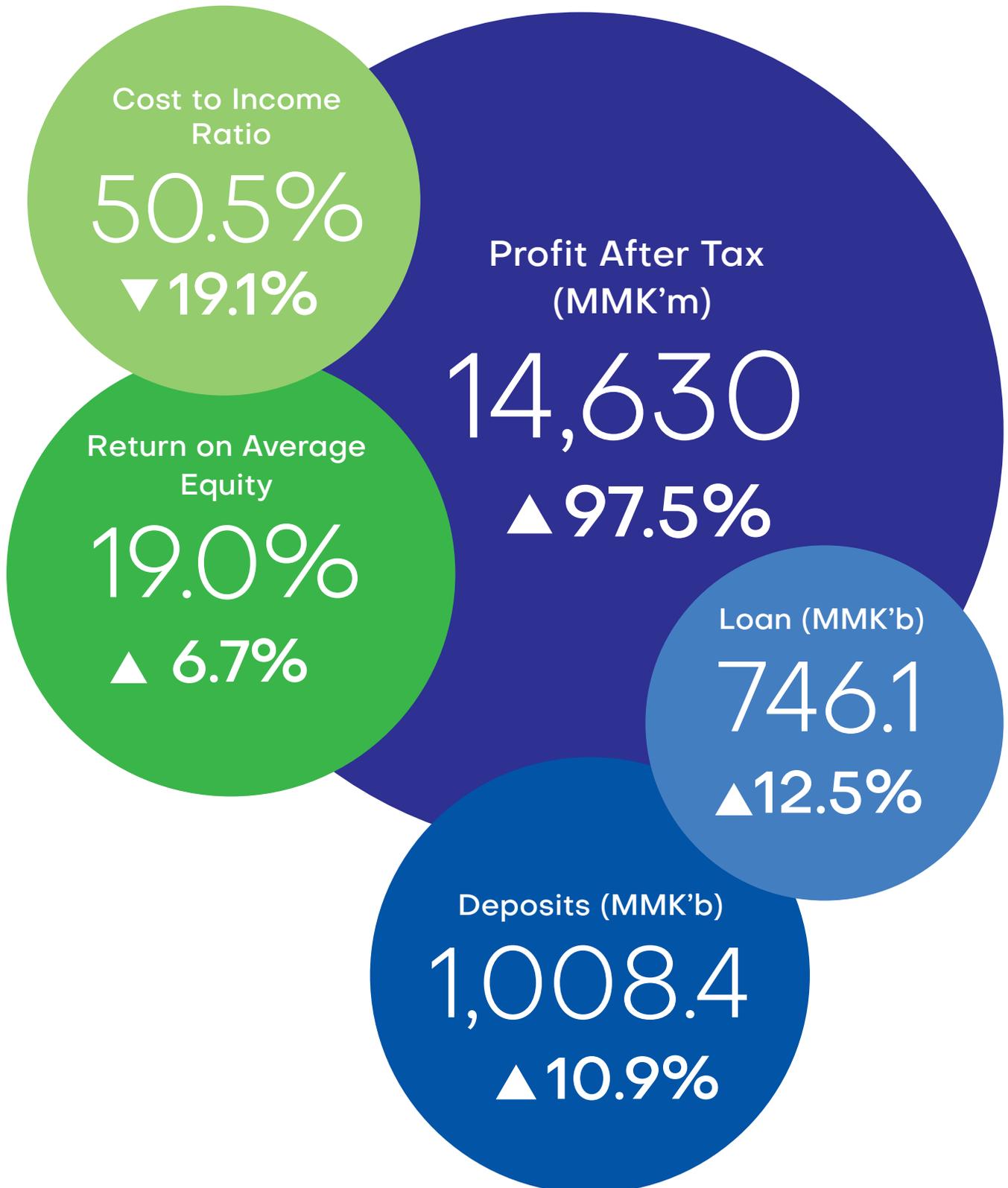
uab 2025

Formulated the next mid term strategy, **uab 2025**, that will guide and shape uab's direction forward

Financial Highlights *(Group)*

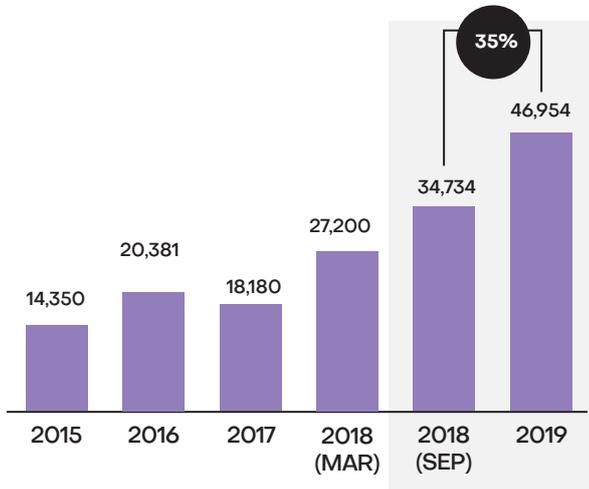
Stellar Year for uab

Profits soared twofold with solid balance sheet growth

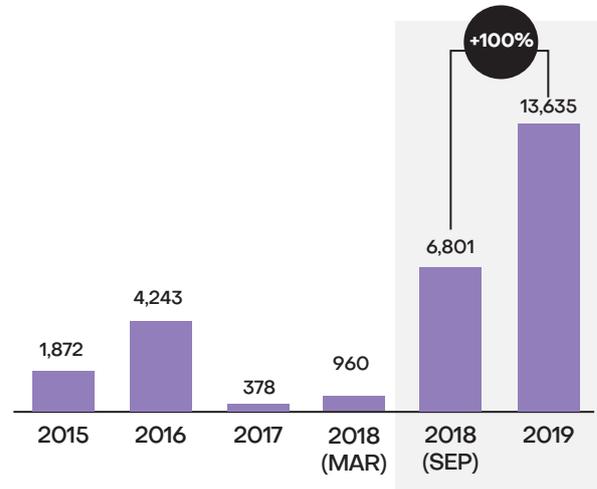


Financial Highlights *(Bank only)*

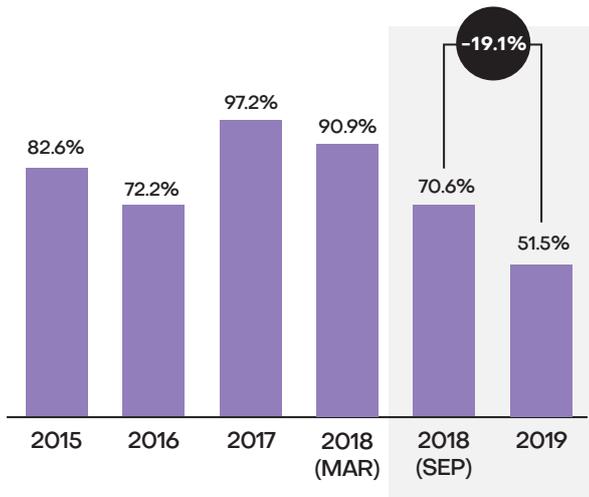
Total Income (MMK' Mil)



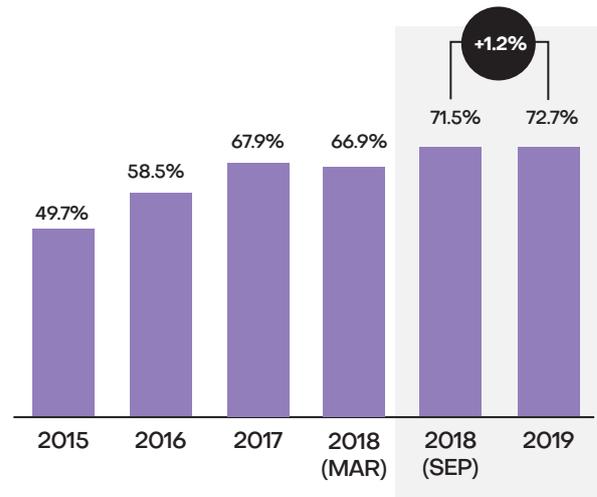
Net Profit After Tax (MMK' Mil)



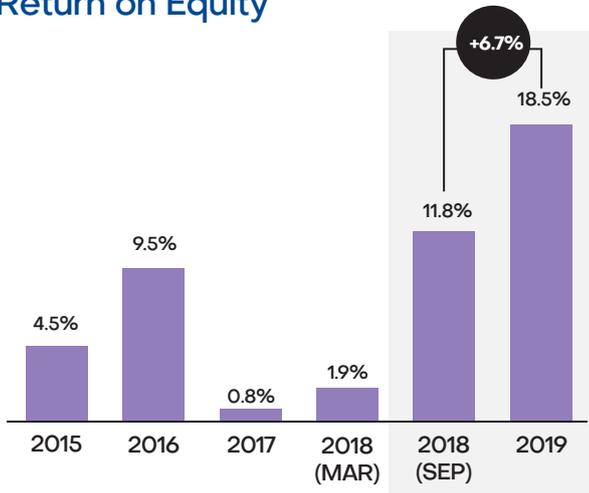
Cost to Income Ratio



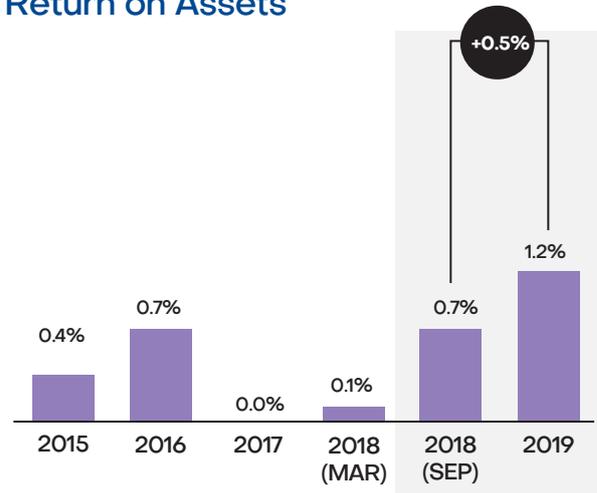
Customers Loan to Deposits Ratio



Return on Equity



Return on Assets



(Bank Only)	2015	2016	2017	2018	2018*	2019
Financial Summary	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Oct-Sep	Oct-Sep
Selected Income Statement Items (MMK Million)						
Total Income	14,350	20,381	18,180	27,200	34,734	46,954
Total Expense	11,854	14,724	17,676	24,722	24,506	24,167
Operating Profit	2,496	5,657	504	2,478	9,070	18,124
Net Profit After Tax	1,872	4,243	378	960	6,801	13,635
Selected Balance Sheet Items (MMK Million)						
Net Customer Loans	252,903	348,037	530,834	616,342	651,064	734,133
Customer Deposits	508,439	595,464	781,835	920,993	910,747	1,009,486
Total Assets	570,197	661,876	853,974	1,012,279	1,047,209	1,188,286
Shareholders' Equity	44,700	44,983	49,355	50,301	65,526	81,698
Key Financial Indicators (%)						
Cost to Income Ratio (CIR)	82.6%	72.2%	97.2%	90.9%	70.6%	51.5%
Non-performing Loan Ratio (NPL)	0.66%	1.05%	2.05%	4.36%	4.83%	4.93%
Return on Average Equity (ROAE)	4.5%	9.5%	0.8%	1.9%	11.8%	18.5%
Return on Average Assets (ROAA)	0.4%	0.7%	0.0%	0.1%	0.7%	1.2%
Capital Adequacy Ratio (CAR)						
Tier 1 CAR	14.0%	10.4%	6.4%	5.7%	7.4%	8.5%
Total CAR	14.5%	11.0%	8.2%	6.1%	7.9%	9.0%
Liquidity Ratio	43.8%	37.8%	28.5%	25.8%	22.3%	24.2%
Reserve Ratio	41.2%	5.8%	5.3%	5.6%	5.6%	6.3%

* Change of financial year end mandated by CBM

Note: The prudential compliance ratios are (NPL < 5%), (CAR > 8%), (Liquidity > 20%) and (Reserve Ratio > 5%)

CEO's Overview

2019 emerged as a defining year for uab bank – we were named Myanmar's Best Bank by Euromoney, ranked 1st in Corporate Governance Disclosure and Transparency amongst Myanmar banks by MCRB and relocated to a world class and award winning new head office – uab Tower @ Times City!





CEO's Overview



Myanmar's Best Bank

2019 emerged as a defining year for **uab bank** – we were named Myanmar's Best Bank by Euromoney. This very prestigious award by Euromoney on its 50th year anniversary is very significant as it is an award given to one single bank in each country. **uab bank's** ascension and recognition as Myanmar's Best Bank bears testimony to the success of our transformation journey, and the commitment and contribution of every single uabians.

Our focus on corporate governance reforms has also earned us the recognition as the most transparent bank in Myanmar and was ranked 1st in corporate governance disclosure by Myanmar Centre for Responsible Business in the Pwint Thit Sa (TiME) Report. This again

demonstrated the commitment from the Chairman, Board and Management in adhering to a higher corporate governance standards and in practicing greater disclosure to the public.

We've made significant progress on our 2019 strategic focus of "Rebrand, Refresh & Revenue Growth" with record profit once again for the full year ended 30th September 2019 as well as the relocation of our head office from the old Pwint Thit San building at Shwe Gone Daing Road to **uab Tower @ Times City**. uab Tower @ Times City provides a world-class facility that rivals the best across Asia, with state of the art technology deployment including facial recognition, wireless connectivity, large LED screen, intelligent controls, innovative open workspace,

a social space incorporating a cafe in the sky, entertainment zones including a pool table and Sony Playstation 4 to cater for staff recreational activities.

Our historic move to uab Tower @ Times City saw over 300 uabians marching in solidarity from the old head office to uab Tower in an event titled “**Rise Above**” and encapsulates our strategic imperative for 2020, building on the

and country-specific factors.

The year continued to see the prolonged hot-cold US-China trade war, creating uncertainty to the markets and higher volatility in both equities and currencies. China’s economic slowdown, worrying health of the EU economy, unsettled Brexit, geopolitical tensions and social unrest have rounded out the difficult picture. Meanwhile, in Myanmar, financial and econom-



strategic themes of “Rebrand, Refresh & Revenue Growth” in 2019. While we have made significant progress on our transformation journey, this is just the beginning. We will continue to build on these successes and deliver on our promise to build **uab bank** into a well governed and sustainable financial institution in Myanmar.

The Year in Review

Global growth 2019 recorded its weakest pace since the global financial crisis a decade ago, reflecting common influences across countries

ic liberalisation continue to be the main focus. A few landmark decisions were made in 2019 which shaped the banking and financial institutions forward.

In January 2019, CBM issued Regulation No. 1 of 2019, allowing foreign banks and financial institutions to hold equity of up to 35% in local banks, starting January 2020. This change is expected to enhance competition, improve service quality and induce positive changes to the industry.

CEO's Overview

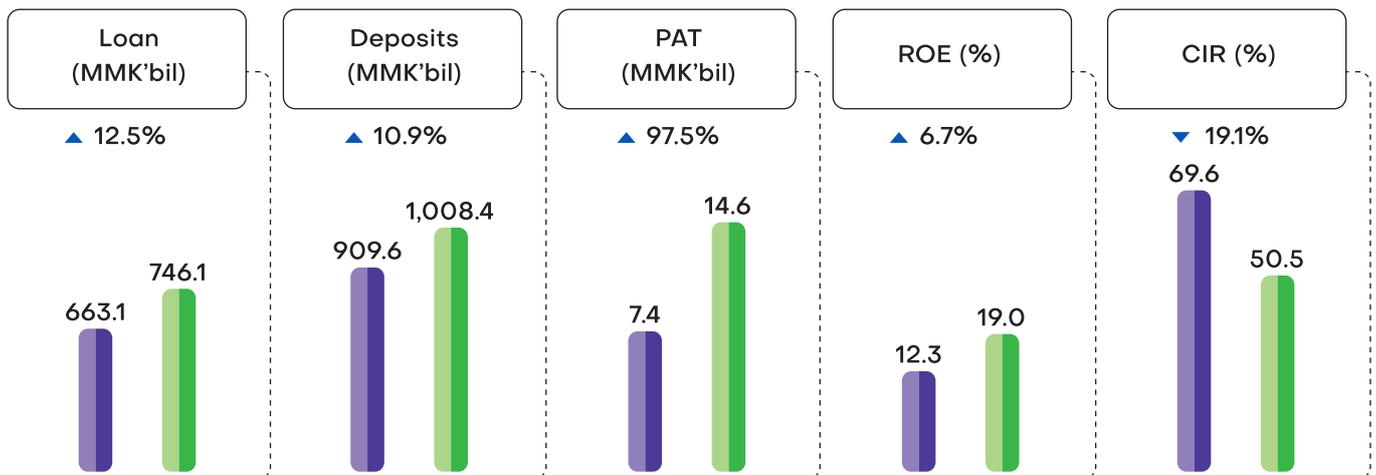
Ministry of Planning and Finance (MoPF) has also announced that foreign companies would be allowed to offer life and non-life insurance to the country's largely untapped insurance market, and this provides a good opportunity for banks to collaborate and expand their business reach with the insurance providers.

Similarly, the retail banking segment will open its doors to foreign participation in 2021. Under the new round of licensing, foreign banks will be able to apply for a subsidiary bank licence that permits wholesale domestic banks activities and, from January 2021 onward, onshore retail banking.

Bureau (MCB) has started collecting the credit data from the banks and financial institutions and target to be in operational in early 2020. This will further help to boost lending, especially for small and medium-sized enterprises (SMEs) to gain access to the banks, which is instrumental to national growth.

Solid Financial Performance

uab bank delivered another record group profit after tax (PAT) of **MMK 14,630 million** for the financial year ending 30th September 2019, almost doubling the PAT of MMK 7,407 million the year earlier. The foundation laid in the early part of the transformation bears fruit as we see re-



CBM has also relaxed its policy of capping interest rates at 13% – which meant lenders are now permitted to extend loans to clients at a maximum lending rate of 16% for unsecured collateral, instead of not being able to charge more for higher-risk customers and therefore often avoided providing credit and imposed strict collateral requirements that have been the key hindrances to private sector credit growth.

Following its kick-off in 2018, Myanmar Credit

sults from the cost optimisation and more effective balance sheet management.

Total operating income jumped 34.3% to MMK 48,739 million while total operating expenses are marginally down by 2.5% to MMK 24,625 million. This was on the back of a 12.5% growth in gross loans resulting in a 13.5% increase in total assets to MMK 1,198,126 million. The slower loan growth was intentional as part of our strategy to diversify our portfolio and focus more on

retail individuals and SMEs.

Cost to income ratio was down significantly to 50.5% from 69.6% a year earlier.

Strong Governance, Risk Management and Compliance

Our commitment to building a strong financial institution premised on sound principles has been at the core of our transformation right from the beginning. We continue to make progress in enhancing our corporate governance, developing talents in risk management and compliance, and making enhancements in the past year. This effort and focus has been recognised strongly by the Myanmar Centre for Responsible Business in the Pwint Thit Sa (TiME) Report. **uab bank** was ranked 1st amongst the Myanmar banks for corporate governance disclosure and transparency, and 5th overall across all companies in Myanmar.

Beyond the recognition, we recognise the importance of building the right risk culture with

the right tone from the top. The Board and Management has reinforced that with an updated Code of Ethics, enforcing the annual refresh on ethics and compliance training and communicating constantly to all uabians on our whistle blowing policy. A periodical risk bulletin was also initiated to update all uabians and to share case studies to remind our staff to be watchful against improper practices.

Disclosure and transparency efforts are ongoing through our corporate website as well as social media platforms like facebook and LinkedIn, where we strive to be leading change in Myanmar banking sector with full disclosure and transparency. We believe that as custodian of public depositors money, we have a duty to fully disclose our financial results and position, so that the public can have greater trust in the banking system and institutions.

We are also proud to be among the first banks to comply with a number of the CBM Directives issued during the year focusing on the account-



CEO's Overview

ability of the Board Members and Management.

Redefining our Purpose & Mission

Further to the rebranding efforts which saw the change of our logo last year, we have also officially renamed and registered with DICA as “uab bank Limited” in June 2019. The change of name give birth to a new modern financial institution that seeks to be innovative, young, fun, bold and a brand that all Myanmar people would recognise beyond banking.

- **A desire to Connect**
- **A passion to Create**
- **The courage to lead Change**

The new core values were introduced in the second half of the year, with the management team being inducted and subsequently rolled out to all uabians through a combination of movie town halls, briefings and through the line. Culture and values building will no doubt take time, and we believe that with all uabians having the same shared values, we would be charting the



Our new Purpose “to lead the way towards a better Myanmar, humanising banking, connecting people, creating opportunities and changing lives” was embraced by all uabians as the beginning of a new journey for the bank, and also themselves. Leading change must start from within an individual and humanising banking is from the heart. We believe that this journey would be one that is transformative for the bank and all uabians.

Underpinning our redefined purpose is our core values.

journey of making **uab bank** the leading bank in Myanmar.

Rebrand, Refresh & Revenue Growth

2019 was an exciting, eventful and packed year with various initiatives under the 3 strategic themes being executed simultaneously. We have made significantly progress and achievements in some, and there is a lot more we need to continue to further develop.

Rebrand – we have successfully rebranded our logo, name and firmly entrenched ourselves in

the history book with the move to our new head office at uab Tower @ Times City – a world-class and award winning office. uab Tower @ Times City was awarded Best Office Interior Design and Special Recognition for Bank Facility by Property Guru’s Myanmar Property Awards. As we moved into 2020, we will see the

mobile banking application. Beyond making transactions free on uab mobile app, we have enabled US dollars transfer on uab mobile, partnered MPU to introduce interbank funds transfer (IBFT) enabling our customers to make transfer using the ATM to Yoma Bank and Shwe Bank, and were the first in Myanmar to intro-



KOHLER.
presents

PropertyGuru
**MYANMAR
PROPERTY
AWARDS™**

continuation of the rebranding with our branches and ATMs being progressively refurbished to the new brand identity. Beyond the refurbishment, there would be new branch model and formats being introduced to integrate lifestyle and banking, bring greater convenience and experience to our customers.

Refresh – we have made some progress in refreshing the experience for our employees as well as our customers. In the digital front, we continue to make enhancements to our uab

duce UnionPay Contactless Payment service. For uabians, we continue to invest in trainings for senior leaders and all uabians. These include trainings for our branch managers, service & operation managers, frontline officers, relationship managers and credit staff. Members of our Board of Directors were also sent for the Director Certification Programme (DCP) by Myanmar Institute of Directors (MIoD). Additionally, the key leadership team have also been sent to attend various trainings, seminars and talks such as Internal Audit Master Program, AWS Banking

CEO's Overview



Leadership Workshop and Sustainable Finance Workshop that provide the much-needed exposure to the financial industry. More initiatives are in the pipeline to further develop our people and also the improve the experience for our customers in the coming year.

Revenue Growth – 2019 saw another record profit for **uab bank** with the group net profit after tax soaring 2-fold to MMK 14,630 million. Cost to income ratio – a key measure of the bank's efficiency reduced significantly to 50.5% from 69.6% a year ago. Loan growth however came in slower at 12.5% due in part to our strategy to rebalance the portfolio towards retail individuals and SMEs. The coming year will continue to see our diversification strategy being executed and the opening of more branches in strategic locations to propel our growth forward. New products and services will also be introduced

coupled with new business models to enhance the brand.

Year 2020 – Rise Above

The awards and accolades we have earned in 2019 are hard fought, with all uabians championing for the same outcome – that is to make **uab bank** into a strong leading bank and brand in Myanmar. As we entered into 2020, we need to up the game and be willing to shed the old mindset that is inhibiting us for taking on new challenges, embracing new ideas and a greater sense of urgency to charge forward.

This call for all uabians to “Rise Above” signify the shedding of the old mindset and self, and rises above just like in the ancient Greek folklore where the phoenix rises from the ashes and emerges stronger and better.

Only by doing so, can we witness a lasting transformation that will benefit the self, the bank and the community we are in.

Acknowledgements

The past year was fraught with many challenges and I am grateful for the guidance and support shown by our Chairman and members of the Board, enabling us to take **uab bank** further amidst a challenging and fast-evolving external environment. Thank You.

I would also like to thank all our stakeholders – customers, regulators, business partners and the communities in which we operate – for the loyalty and placing your trust in us. We will continue to uphold that trust and continue to build **uab bank** into a strong financial institution that

is built on sound principles.

Most importantly, thank you all uabians – especially the members of the leadership team – for your support and commitment in delivering our promises. It has been my pleasure to see everyone taking on the challenges with utmost enthusiasm and dedication.

2020 will no doubt be another challenging year, however I believe that with the foundation we have laid and the call to rise above, uabians will be able to emerge victorious once again. I look forward to another exciting year in leading change and humanising banking with all uabians.

Christopher Loh
Chief Executive Officer



Leadership

Board of Directors





Profile of the Board of Directors



Ne Aung

Chairman/ Non-Independent Director

Age : 53

Date of Appointment : 14 June 2010

Membership of Board Committees

- Board Advisory & Strategy Committee (Chairman)

Qualification

- Bachelor of Science in Chemistry, University of Yangon
- Certified member of MIOD - completed Director Certification Program (DCP)

Relevant Experience

U Ne Aung is the Founder and Non-Executive Chairman of **uab** bank and has been involved in all phases of **uab** bank's development since its founding in 2010, emphasizing on creating a culture of excellence at the Bank. His vision is to create a "World Class Myanmar Bank". **uab** bank has won numerous accolades nationally and internationally which includes, Myanmar's Best Bank by Euromoney.

U Ne Aung is a seasoned business leader with a strong track record in leading and chairing a range of organisations. The breadth of U Ne Aung's knowledge and operational experience

in various industries, building teams and culture, and growing business is hugely beneficial to **uab** bank.

Humanising Banking is very close to U Ne Aung's heart. Under his guidance, **uab** bank is empowering millions of people, particularly at the bottom of the pyramid in Myanmar through holistic initiatives.

U Ne Aung believes that the true measure of the performance is the value creation and the Bank's vision for equitable prosperity extends beyond financial services.



Khin Moe Nyunt
Non-Independent Director

Age : 52

Date of Appointment : 14 June 2010

Membership of Board Committees

- Nil

Qualification

- Bachelor of Science in Botany, University of Yangon
- MBA (Banking & Finance), Management Development Institute of Singapore (MDIS)
- Master's Degree in Development Studies, Yangon Institute of Economics
- MBA, Yangon Institute of Economics
- Awarded 3rd for Applied Business Projects Award 2018–2019, Bangor University, UK
- Certified member of MloD - completed Director Certification Program (DCP)

Relevant Experience

Daw Khin Moe Nyunt is the Board member and Co-Founder of uab bank. She is an active philanthropist with a history of supporting education, as well as children's care and the culture, among other things. She initiated a program to identify outstanding students from impoverished backgrounds and collect funds to send them abroad for further studies.

She then turned her attention to Yangon's Monastic Education Centre, which provides room, board, education and healthcare to orphaned children, many from conflict areas in Myanmar. Under her guidance, the Foundation has consistently provided support to the Centre, including constructing a five-storey building to provide accommodation for more than 200 children and outfitting it with beds, storage, and other facilities based on international standards for children's homes.

Furthermore, Daw Khin Moe Nyunt is an active member of the Myanmar Women Entrepreneurs' Association (MWEA) and the Myanmar Women's Affair Federation (MWAF), where she supports poverty alleviation and microfinance programs. In 2006, she also participated in the poverty alleviation workshop for women held in Cambodia.

Profile of the Board of Directors



Than Win Swe

Non-Independent Director

Age : 54

Date of Appointment : 14 June 2010

Membership of Board Committees

- Board Risk Committee (Chairman)
- Board Advisory & Strategy Committee (Member)
- Board Credit Committee (Member)
- Board Audit Committee (Member)
- Board Nomination & Remuneration Committee (Member)

Qualification

- Bachelor of Commerce, Yangon Institute of Economics
- Postgraduate Diploma in Management and Administration, Yangon Institute of Economics
- Postgraduate Diploma in Economics, Yangon Institute of Economics
- Master of Public Administration, Yangon Institute of Economics
- Certified member of MIoD
- Completed Director Certification Program, IOD Thailand.

Relevant Experience

U Than Win Swe is the former CEO of the Bank

since the beginning of **uab** bank in Jun 2010 until August 2016. After that, he was appointed as a board member of uab bank.

Under his leadership, the Bank won several awards in financial services such as the Best Trade Finance Bank Myanmar 2015 by International Finance Awards, Fastest Growing Private Bank Myanmar 2014 by Global Banking and Finance Awards and 50 years ADB TFP Award by Asian Development Bank – Trade Finance Program, etc.

U Than Win Swe has around 24 years of experience in financial services, trading, real estate, construction, energy, hospitality and telecommunications.

He brings with him unparalleled knowledge in many industries and also in banking.



Sein Win

Senior Independent Director

Age : 71

Date of Appointment : 29 July 2016

Membership of Board Committees

- Board Audit Committee (Chairman)
- Board Risk Committee (Member)
- Board Nomination & Remuneration Committee (Chairman)

Qualification

- Bachelor of Commerce, Yangon Institute of Economics
- ASEAN Chartered Professional Accountant
- Certified Public Accountant (MICPA)
- Certified member of MloD - completed Director Certification Program (DCP)

Relevant Experience

U Sein Win is the Executive Committee Member of the Myanmar Accountancy Council and the Myanmar Institute of Certified Public Accountants.

U Sein Win was appointed as Senior Independent Non-Executive Director of uab bank in March 2019 and has been providing the necessary independence of character and judgement to the Board.

He has over 48 years senior management experience in the finance and audit industry. He was formerly the Deputy Assistant Director at the Ministry of Finance's Budget Department and Deputy Chief Accountant at the Ministry of Mines.

In 1997, U Sein Win set up his own audit & consulting firm called Sein Win & Associates. He is a very well-respected figure in the Accounting and Auditing field for his high degree of integrity, commitment and professionalism.

Profile of the Board of Directors



Hnin Hnin Aung

Non-Independent Director

Age : 48

Date of Appointment : 29 December 2017

Membership of Board Committees

- Board Credit Committee (Member)
- Board Risk Committee (Member)
- Board Audit Committee (Member)
- Board Advisory & Strategy Committee (Member)
- Board Nomination & Remuneration Committee (Member)

Qualification

- Bachelor of Science in Industrial Chemistry, Yangon University
- Master of Business Administration from Yangon Institute of Economics
- Certified member of MloD - completed Director Certification Program (DCP)

Relevant Experience

Daw Hnin Hnin Aung was appointed as a Member of the Board in December 2017 and currently serving as Non-Executive Director of the uab bank.

With over 20 years of industrial and financial know-how, she brings a wide range of experi-

ences across a number of industries.

Daw Hnin Hnin Aung is currently Executive Director and serving as a board member in several companies especially in export, construction and power sector.

An accomplished businesswoman, Daw Hnin Hnin Aung is working in the area of business strategy, marketing and International relationship.

She is among Myanmar's most experienced career woman and has served on several roles of business development, procurement and marketing functions throughout her career life.



Thant Zin

Non-Independent Director

Age : 46

Date of Appointment : 29 December 2017

Membership of Board Committees

- Board Credit Committee (Chairman)
- Board Advisory & Strategy Committee (Member)
- Board Risk Committee (Member)

Qualification

- B.Sc. (Physics), University of Yangon
- Master of Business Administration, Yangon Institute of Economics
- Certified member of MloD - completed Director Certification Program (DCP)

Relevant Experience

U Thant Zin is Non-Executive Director on the Board of uab bank since December 2017. Prior to this, U Thant Zin was the Chief Operating Officer of uab bank from 2011 to 2017.

Under his supervision, uab bank was recognised as Myanmar Domestic Technology & Operations Bank of the Year 2016 by Asian Banking and Finance Awards and other financial services awards from the reputable international organisations.

U Thant Zin is presently a board member in several companies dealing with trading, construction and properties. He has a strong presence and good rapport with corporate leaders from various industries.

He brings to the Bank both his industrial and banking experience over 22 years and has been instrumental in guiding the risk-return portfolio of the Bank over the last few years.

Profile of the Board of Directors



Christopher Loh
MD & Chief Executive Officer

Age : 44

Date of Appointment : 29 December 2017

Membership of Board Committees

- Board Advisory & Strategy Committee (Member)
- Board Risk Committee (Member)

Qualification

- BA (Hons) in Engineering and Business, Nanyang Technological University, Singapore
- Alumnus of INSEAD Senior Leadership Programme
- Certified member of MIoD

Relevant Experience

Mr. Christopher Loh was appointed as Managing Director and Chief Executive Officer of uab bank in September 2017.

Prior to joining uab bank, he held several senior executive positions including the Group Chief Strategy Officer, Chief Executive of International Business and Deputy Group Chief Risk Officer at RHB Banking Group.

He was also a partner with a global management consulting firm where he worked with regional and global financial institutions across Asia-

Pacific, United States and the United Kingdom to transform their business and risk capabilities.

After his stint with a leading UK banking group in London, he returned to Asia to help build and lead a very successful risk management practice where he was the managing director before his departure. He has also spent several years with a leading insurer in Singapore, and had established and run a technology and media start up.

Guided by his strong visionary in *Leading Change*, *Humanising Banking*, he has driven uab bank to be one of the top banks in Myanmar. **uab** bank is named Myanmar's Best Bank 2019 by Euromoney and Domestic Retail Bank of The Year 2019 by Asian Banking & Finance. Further, he has also rebranded the Bank entirely, of which the most significant being, setting up **uab** bank's Head Office at Times' City, one of the most prestigious address in the heart of Yangon.

He has since been recognised and named as Myanmar's CEO of The Year by many international platforms, e.g. Global Banking & Finance, International Business Magazine and Business Worldwide.



UAB

Leadership

Management Committee





Management Committee



Kyawt Kay Khaing
Deputy CEO, uab bank
CEO, uab securities

Qualification

- Business Administration (Finance), University of Portsmouth, United Kingdom
- Master in Banking and Finance, Yangon University
- Certified member of MloD - completed Director Certification Program (DCP)

Relevant Experience

- Kay held several key positions since inception of the Bank, namely Deputy Chief Operating Officer (COO) and subsequently its Chief Business Officer (CBO), before being appointed as the Deputy CEO in 2017.
- She is also currently the CEO of uab securities, a subsidiary of uab bank, focusing on the investment banking businesses.
- Kay is proficient both in English and Myanmar languages with strong ability to work through complex problems using excellent judgment and decision-making skills.
- Further, she is also highly proficient in negotiation skills, making it easy to conclude agreements and persuade various stakeholders.
- Kay is presently a board member of the Credit Bureau in Myanmar and Co-Chair of the Myanmar Economic Forum.



Htun Htun Oo
Director, Finance

Qualification

- Bachelor of Commerce, Yangon University of Economics, Myanmar
- Master Degree in Public Administration (MPA), Yangon University of Economics, Myanmar
- Certified Public Accountant (CPA) and a member of Myanmar Accountancy Council and MICPA
- Certificate of Completion PwC's Chief Financial Officer, PWC Academy

Relevant Experience

- Htun Htun joined uab bank in 2013.
- He has over 20 years of demonstrated history in the Government and reputable international companies in and out of Myanmar.
- Htun Htun has in depth knowledge and experience in accounting, auditing, cost management and financial reporting across all industries.
- He has since introduced many good practices to the team and has been instrumental in adding valuable insights to the Management's key decisions.



George Koshy

Director, Risk & Compliance
Director, Human Resources (Acting)

Qualification

- Bachelor of Commerce, University of Melbourne, Australia
- Master Degree (with distinction) in Business Administration, University of Stirling, United Kingdom.
- Associate with the Asian Institute of Chartered Bankers

Relevant Experience

- George joined uab bank in 2013 as Director, Wholesale and Retail Banking. He was subsequently assigned as Director, Strategy in 2015 and Director, Risk & Compliance in 2017.
- He has over 35 years of experience working in multiple countries in Asia, Africa and Europe covering banking operations, strategy, credit, retail and corporate business.
- George began his banking career in Southern Bank, Malaysia and was there for 14 years wherein he built his operational foundation in Credit, Branch Management and Trade Finance.
- Thereafter, he was with the ICB Banking Group for a period of 15 years, coordinating the operations of banks in 14 countries. During his career with ICB, he sat in the Board of Directors of 12 banks globally.



Than Sein

Director, Technology

Qualification

- Bachelor of Electrical Engineering, Government Technical Institute, Myanmar.
- Internal Audit Master Program by Myanmar Institute of Directors (MIOD)

Relevant Experience

- Than Sein joined uab bank in 2012.
- He has over 25 years of demonstrated history in reputable local and international information and technology industry in and out of Myanmar.
- During his 15 years stint in Malaysia, Than Sein led several major IT Projects, namely implementation of Loan Origination as well as various complex System, Storage, Security and Network solutions for a number of reputable banks.
- He is currently the Chairman of Technical Committee at MPU.

Management Committee



Mahesh Bhandari
Director, Treasury &
Financial Institutions

Qualification

- Bachelor of Law, Tribhuvan University, Nepal
- MBA of Finance, Pokhara University, Nepal

Relevant Experience

- Mahesh joined uab bank in 2012.
- He has over 23 years of banking experience with a demonstrated history in reputable international banks in various business banking areas of Operations – Treasury, International Relations and International Trade Finance.
- Mahesh started his career of Trade Finance in Nepal. Bringing good experience with him, he has then successfully led the team to set-up Trade Finance Unit in ABA Bank, Cambodia and in uab bank, Myanmar.
- Before being designated to head the Treasury & FI portfolio in 2018, he was the Head of Trade Finance Unit for 6 Years, where uab bank was awarded various accolades, including the Best Trade Finance by International Finance Awards in 2015.



Nay Win Maung
Director, Operations

Qualification

- Bachelor of Administration, Dagon University, Myanmar
- Master of Public Administration, Yangon University of Economics, Myanmar

Relevant Experience

- Nay Win Maung is amongst the pioneers of uab bank, joining in 2010.
- He has over 23 years of demonstrated history in reputable local Myanmar banks, with high expertise in Operations and Compliance.
- Nay Win Maung has led many key Operations Projects in uab bank, including setting up new branches, restructuring and improving the Branch Operations from time to time, and continuously enhance the strong compliance at the branches.



Mathew Kootaplackil
Director, Credit Management

Qualification

- Master Degree in Statistics with Gold Medal, MG University of Kerala India
- Certified Associate of Indian Institute of Banking.

Relevant Experience

- Mathew joined uab bank in 2013.
- He has over 25 years of demonstrated history in various reputable banks in and out of India.
- Prior to joining uab bank, Mathew was the Head of Credit, Trade Finance and Operations at a Malaysian based bank, having operations in various African countries from 2010 to 2013.
- From 1993 to 2010, he worked in a reputable Indian bank as a branch manager and senior officer taking care of various operations and credit management related roles.
- He has vast experience in credit administration, risk management & compliance, banking operations, training & development, trade finance, audit and business process re-engineering.



Thandar Htike
Deputy Director,
Corporate Banking

Qualification

- Bachelor of English, Yangon East University, Myanmar
- Master in Business Administration, Yangon University of Economics, Myanmar.
- Certificate of Documentary Credit Specialist (CDCS), London Institute of Banking & Finance

Relevant Experience

- Thandar joined uab bank in 2014 as the Deputy Head of Trade Finance.
- She was one of the main contributors to the rapid growth of the Trade Finance business at uab bank and has since been appointed to head a bigger portfolio, i.e. Corporate Banking.
- Thandar has over 15 years of good track record in reputable local and international companies in Myanmar, specifically in commercial trading and international trade finance – having been on both sides i.e. as a customer (previously) and as a banker (currently).
- She is a uab home grown talent who has rose to the leadership in just 4 years, and a testimony of the Bank’s success story of internal succession

Governance

Corporate Governance Overview Statement





Leading **Change** and
Humanising Banking



Corporate Governance Overview Statement

OUR APPROACH TO CORPORATE GOVERNANCE

The Board of Directors (the “Board”) is zealous in cultivating and fostering a corporate governance culture that amplifies **uab**’s core throughout its value chain. These core values are ingrained within the Bank to inculcate positive corporate culture that would spur **uab** to deliver and achieve its strategic objectives.

The Bank, as guardian of public trust, firmly believes good corporate culture defines both the behaviour within **uab** and also the way we communicate with our external stakeholders.

The past two years have brought a slew of changes to the corporate governance landscape in Myan-

mar leading to changes in the legal and regulatory promulgation governing our Bank and our industry. The Board is dedicated in ensuring the recommended best practices and the required compliance benchmarks are met and sustained to protect the interests of **uab** and all its stakeholders.

The Bank’s unremitting effort was recognised by the Myanmar Centre for Responsible Business, through its Pwint Thit Sar Report 2019: where **uab** is named: -

#1 in Corporate Governance Disclosure

#1 in Transparency and Disclosure amongst banks in Myanmar

A. BOARD LEADERSHIP AND EFFECTIVENESS

RESPONSIBILITIES OF THE BOARD

The year 2019 witnessed the launch of the Bank’s full-fledged transformation, anchoring on the theme *Rebrand, Refresh and Revenue Growth*, which is built on the earlier theme of *Rebuild, Restructure and Reduce Cost* adopted in Year 2018.

The new strategic plan is closely tied to our Bank’s brand-new purpose that promises *# Leading Change, #Humanising Banking* which essentially commits to create sustainable value to all the stakeholders.

The Management’s performance is actively monitored as part of the Board’s oversight and the Board provides direction and advice to ensure

Management does not deviates from its given mandates. The Board has in place a Corporate Governance Framework which covers the essentials of a Board and provides clear outline on the roles and responsibilities for each member of the Board.

The Corporate Governance Framework was developed with great care and perseverance to guide and ensure each member is held accountable for their actions and inactions in serving the Bank.

In order to improve the Board’s effectiveness, all non-executive Directors attended the Director Certification Program conducted by Myanmar Institute of Directors in 2019.

Corporate Governance Overview Statement

OUR GOVERNANCE MODEL

uab operates within a clearly defined governance model as approved by the Board. This model elucidates on the clear governance practices and direction in relation to the decision-making process across the Bank. This delegation of authority

process within the Bank. The Board Committees also act as oversight committees; evaluating and recommending matters under their purview for the Board's consideration and approval.

The Board receives updates from the respective

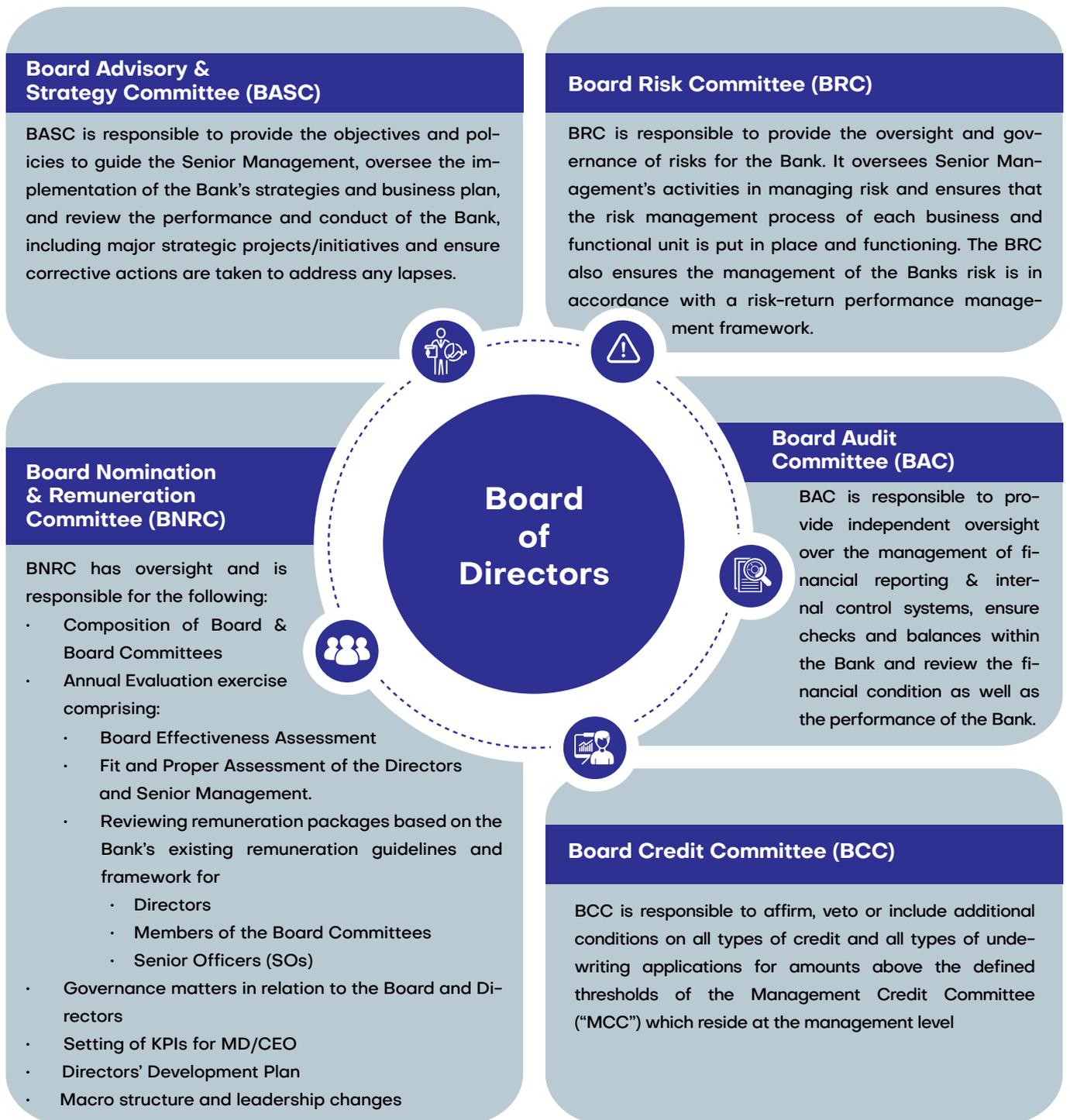


is clearly defined within the Terms of Reference (“ToR”) of the respective Board Committees. The ToRs are reviewed periodically by the Board to ensure effective and efficient decision-making

chairperson/representatives of the Board Committees on matters that require specific attention that have been deliberated and considered at the meetings of Board Committees.



In supplementing the Board’s effort to govern the Bank, the following Board Committees have been established:



Each Committee will have its Terms of Reference which are well defined and each Committee reports to the Board on significant issues and concerns discussed, and where applicable, recommendations made during the meetings. The composition and terms of reference of each Committee is reviewed annually.

Corporate Governance Overview Statement

COMPOSITION OF THE BOARD

Board Members	Roles
Ne Aung	Non-Executive Chairman
Khin Moe Nyunt	Non-Executive Director
Than Win Swe	Non-Executive Director
Hnin Hnin Aung	Non-Executive Director
Thant Zin	Non-Executive Director
Sein Win	Senior Independent Non-Executive Director
Christopher Loh	MD & Chief Executive Officer

We understand and acknowledge the importance of having a balanced, diverse, experienced and cohesive Board. The nucleus of the Board is in its composition and a Board that encapsulates diversity would be able to better face the challenges head-on and view the opportunity as well as business risks in a collective manner.

“Independent non-executive Directors means those directors, not having any material relationship with the Company, either directly or as a shareholder or an officer of an organisation that has a relationship with the Company.”

Annually, the Board reviews each Director’s independence and in its review for the current year, the Board concluded that the independent non-executive director continued to demonstrate conduct and behavior that are essential indicators of independence.

Overall Board effectiveness is considered in this process of review. Further, a self-assessment is

made on the performance of the Board and its members.

As a group, the Directors have vast and varied experience in banking, finance, business and management, and the skills and expertise relevant to the business of the Bank. The Directors also recognise the importance of training and development to keep abreast of prudential requirements and best practices. Details of the experience of the Board members are stated in the Profile of Board’s section as well as the Bank’s corporate website.

The Board accepts that it has a responsibility to the stakeholders that it maintains an appropriate mix of skills and experience (without gender bias) within its membership. Consequently, the Board gives careful consideration for the appointment it may recommend to Shareholders in accordance with the Constitution. A screening process for Directors are made by the Board and they are required to meet the “Fit and Proper” criteria prescribed by the Central Bank of Myanmar.

From time to time, the Directors attend various training sessions related to their duties including Governance and Risk Management practices, updates on laws and legislations, anti-money laundering requirements and compliance requirements as well as the macro updates of the industries. The Bank's new and existing directors receive training on topics that are relevant to the business of the Bank and which meet the objective of equipping Directors with the relevant knowledge and skills to perform their role effectively.

Directors have unfettered access to Senior Management, the external auditor and information for the purpose of carrying out their duties. Prior to



a meeting, Directors are provided with comprehensive and timely financial, risk management and operational reports for their deliberation and to enable them to make informed decisions. Senior executives are present at meetings to provide additional information or clarification as required. Where relevant, professional advisers may be invited to brief the Board or Board Committees.

Common membership in the Board Committees facilitates the sharing of information between relevant Board Committees and better coordination of the work among the Board Committees.

The Board is supported by the Secretariat team whose responsibilities include ensuring that Board procedures are adhered to, advising the Board on corporate governance matters, help the Board to

monitor the execution of its decisions and facilitate communication between the Board and Senior Management.

Whether individually or as a group, Directors may seek independent professional advice in the course of discharging their duties at the Bank's expense.

We continued to invest time and effort to improve the composition of the Board by progressing the Board towards a majority of Independent Non-Executive Directors (INEDs). In March 2019, the Board appointed Sein Win as the Senior INED. Sein Win's appointment showed commitment of the Board to comply with the local and international good prac-

tice for the Board to consist of a Senior INED. As Senior INED, he acts as a sounding board for the Chairman and is available to the shareholders if there are any major issues.

Besides the facet of Board independence, we will continue our journey to enhance the gender diversity and ensures factors such as mix of skills, calibre, competency, character and experience are taken into consideration in nominating candidates for Board appointments.

The Board is well pleased with the current established composition as it is an important driver of our effectiveness. The current composition allows a breadth of perspective to be shared by its members and is viewed as optimal for uab's operations.

Corporate Governance Overview Statement



CHAIRMAN

Ne Aung is the Non-Executive Chairman of the Board of Directors.

The running of the Board is the responsibility of the Chairman while the running of the Bank's business is the executive responsibility of the CEO. There should be a clear division of responsibilities between the two positions which will ensure a balance of power and authority, such that no one individual has unfettered powers of decision.

The Chairman of the Board is elected by the members of the Board of Directors and he ensures leadership to the Board of Directors. Board meetings will be presided by the Chairman and in his absence, the meeting may be presided by a Directors elected by the members present.

Minutes of Board meetings presided by the Chair-

man (or Director, in his absence), will be evidence of the proceedings of meetings or passing of resolutions. (Sect 157, Myanmar Companies Law)

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

Christopher Loh as MD & CEO, leads the management team and is responsible for the overall strategy, execution of the strategies, management and operation of the Bank.

Assisted by Senior Management, the MD & CEO bears executive responsibility for the Bank's day-to-day operations and business, including seeking business opportunities and ensuring the continued relevance, adequacy and effectiveness of the Bank's system of internal controls and risk management.

The Board of Directors reviews regularly the performance of the MD & CEO and Senior Management and their succession planning.



DIRECTORS' ATTENDANCE

The Board and its Committees meet regularly to carry out their respective duties and responsibilities during the year under review.

The table below illustrates 2019's meeting attendance record for all Board members of uab bank.

Board Member	Designation	Meeting Attendance					
		BOD	BASC	BAC	BRC	BCC	BNRC
Ne Aung	Non-Independent Non-Executive Chairman	4/4	12/12	NA	NA	NA	NA
Khin Moe Nyunt	Non-Independent Non-Executive Director	4/4	NA	NA	NA	NA	NA
Sein Win	Senior Independent Non-Executive Director	4/4	NA	4/4	4/4	NA	1/1
Than Win Swe	Non-Independent Non-Executive Director	4/4	12/12	4/4	4/4	20/21	1/1
Hnin Hnin Aung	Non-Independent Non-Executive Director	4/4	12/12	4/4	4/4	17/21	1/1
Thant Zin	Non-Independent Non-Executive Director	4/4	12/12	NA	4/4	19/21	NA
Christopher Loh	MD & Chief Executive Officer	4/4	12/12	NA	4/4	NA	NA



Corporate Governance Overview Statement

Board and Board Committee meetings are scheduled in advance and all Directors are notified in advance. When circumstances warrant, ad-hoc meetings are held. Reports and papers are circulated in advance to help Directors prepare for meetings.

All Directors must notify the Bank in a timely manner of any change in interests or other appointments. Where a Director has an interest in a matter being discussed, he/she is required to reclude himself/herself from the discussion and abstain from voting on the matter.

B.EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The Board has in place a Board Audit Committee (“BAC”) that supports the Board with matters pertaining to financial reporting, external audit, internal control and internal audit process and review of related party transactions as well as conflict of interest situations. The BAC is chaired by U Sein Win, the Bank’s Senior Independent Non-Executive Director.

All members of the BAC are financially literate and possess necessary financial background, knowledge and experience to review financial and non-financial reporting and matters put forth for deliberation before the Committee.

Sein Win is the Executive Committee Member of the Myanmar Accountancy Council and the Myanmar Institute of Certified Public Accountants.

Further, he has over 46 years senior management experience in the finance and audit industry. He was formerly with the Ministry of Finance’s Budget Department and Ministry of Mines.

The BAC oversees the Internal Audit (“IA”) function which operates under a charter mandated by the

BAC that gives unrestricted access to review all activities across the Bank.

The BAC reviews and approves the Bank’s Internal Audit’s annual audit plan, its staffing requirements and audit activities. The Committee is involved in deciding the remit of the internal audit function including its objectives, strategies, roles and responsibilities, scope and remuneration.

DIRECTORS’ INDEPENDENCE AND CONFLICT OF INTEREST

Directors are meticulous in handling situations where there are potentially conflicts of interest and are required to declare their interest in advance where a conflict should arise.

All directors must notify the Bank in a timely manner of any change in interests or other appointments. Where a director has an interest in a matter being discussed, he/she is required to reclude himself/herself from the discussion and abstain from voting on the matter

Related Party Transactions, if any, are stated in the Notes to Accounts of the Financial Statements.

FINANCIAL REPORTING

In presenting the annual accounts, the Board is committed to present a balanced, clear and understandable assessment of the financial position and prospect of the Bank. The Board is assisted by the BAC to oversee the Bank's financial reporting by scrutinising the information to be disclosed to ensure accuracy, adequacy and completeness.

The Statement by Directors in respect of preparation of the annual audited financial statements of the Bank is set out in the Annual Report.

We take a holistic view of various factors to determine and to ensure that an employee's total compensation is fair. This is done with the objective to reward contributions, motivate and retain talents.

Performance-based variable pay is linked to the performance of the Bank, business functions and the employee's individual achievement of performance targets. The performance of each employee is evaluated based on a mix of



REMUNERATION

The Bank's total compensation comprises two main components:

- Fixed pay which includes base salary and fixed allowances
- Variable pay which rewards employees based on the performance of the Bank, business functions and an employee's individual performance.

The Bank also provides staff loan facilities to its employees in the form of personal, vehicle and housing loans. Eligible staff are also entitled to a credit card with a prescribed credit limit.

performance objectives, competencies and behaviours that uphold the **uab** Values. Variable pay of each employee is dependent and differentiated by the employee's performance at the end of every year.

The Board of Directors and Senior Management conducts regular reviews of the remuneration policy to ensure that compensation practices and programmes are consistent with regulatory requirements and are responsive to market developments.

Corporate Governance Overview Statement

INTERNAL CONTROLS

The Bank maintains an effective and well-established system of internal controls and risk management processes to ensure customers' interests and the Bank's assets are safeguarded. To meet this requirement, procedures and policies are in place to protect assets against unauthorised use or disposal; for maintaining proper accounting records; and for ensuring the reliability and usefulness of financial information.

Internal Audit (IA) is responsible for evaluating and managing the adequacy and effectiveness of internal controls, and their level of compliance with applicable rules and regulations. The results of the evaluation is presented to the Management Audit Committee (MAC) and independently reported to the BAC. The BAC regularly reviews actions taken on lapses and deficiencies identified in reports prepared by the IA and management's responses to these recommendations to ensure lapses are dealt adequately and promptly. MAC, on the other hand ensures that the recommendations of IA and BAC are effectively implemented.

Based on the internal controls and risk management processes established and maintained by the Bank, the work performed by IA, and the reviews performed by Senior Management and the relevant Board Committees, the Board, with the concurrence of the BAC, is of the opinion that the Bank's systems of risk management and internal controls, including financial, operational, compliance and information technology controls, was adequate and effective as at 30 September 2019.

The Board notes that no system of risk manage-

ment and internal controls can provide absolute assurance against material error, loss or fraud. The Bank's system of risk management and internal controls provides reasonable but not absolute assurance that the Bank will not be affected by any adverse event which may be reasonably foreseen.



INTERNAL AUDIT

The Bank has a well-established internal audit function which reports functionally to the BAC and administratively to the CEO. The primary role of the IA is to provide independent assessment of the adequacy and effectiveness of the Bank's system of internal controls, risk management and governance processes. It operates within the Internal Audit Framework and is guided by The Internal Audit Function in Banks issued by the Basel Committee on Banking Supervision.

IA reviews and audits the Bank's businesses and operations; and the operations of its subsidiaries according to a risk-based audit plan. Audit projects are prioritised and scoped based on IA's assessment of the Bank's risks and controls over the various risk types. The internal audit plan is reviewed annually and tabled to the BAC for approval.



The results of each audit are reported to the BAC and Management; and their resolution action plans and progress are closely monitored. Significant findings, together with the status of rectification, are then discussed at the BAC Meetings and the minutes are formally tabled to the Board of Directors. In addition, the Head of Internal Audit also reports significant findings and other control concerns to the Chief Executive Officer, as well as the Management Audit Committee monthly and as and when required.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

As a financial institution, the Board recognises the importance of a sound system of risk management and internal control to ensure good corporate governance and to safeguard shareholders' invest-

ments, depositors' monies as well as the Bank's assets. uab's risk management and internal control framework is designed not only to cover financial controls but also non-financial controls.

The Board Risk Committee ("BRC") provides oversight and governance of risks for the Group to ensure that the Bank's risk management processes are functional and effective. The BRC also oversees Senior Management's activities in managing risk; ensuring that the risk management process in each of the business and support functions is in accordance with a risk-return performance management framework.

Furthermore, the BRC supports and leads the Senior Management in driving the appropriate Risk Culture and Risk Ownership within the Bank.

Corporate Governance Overview Statement

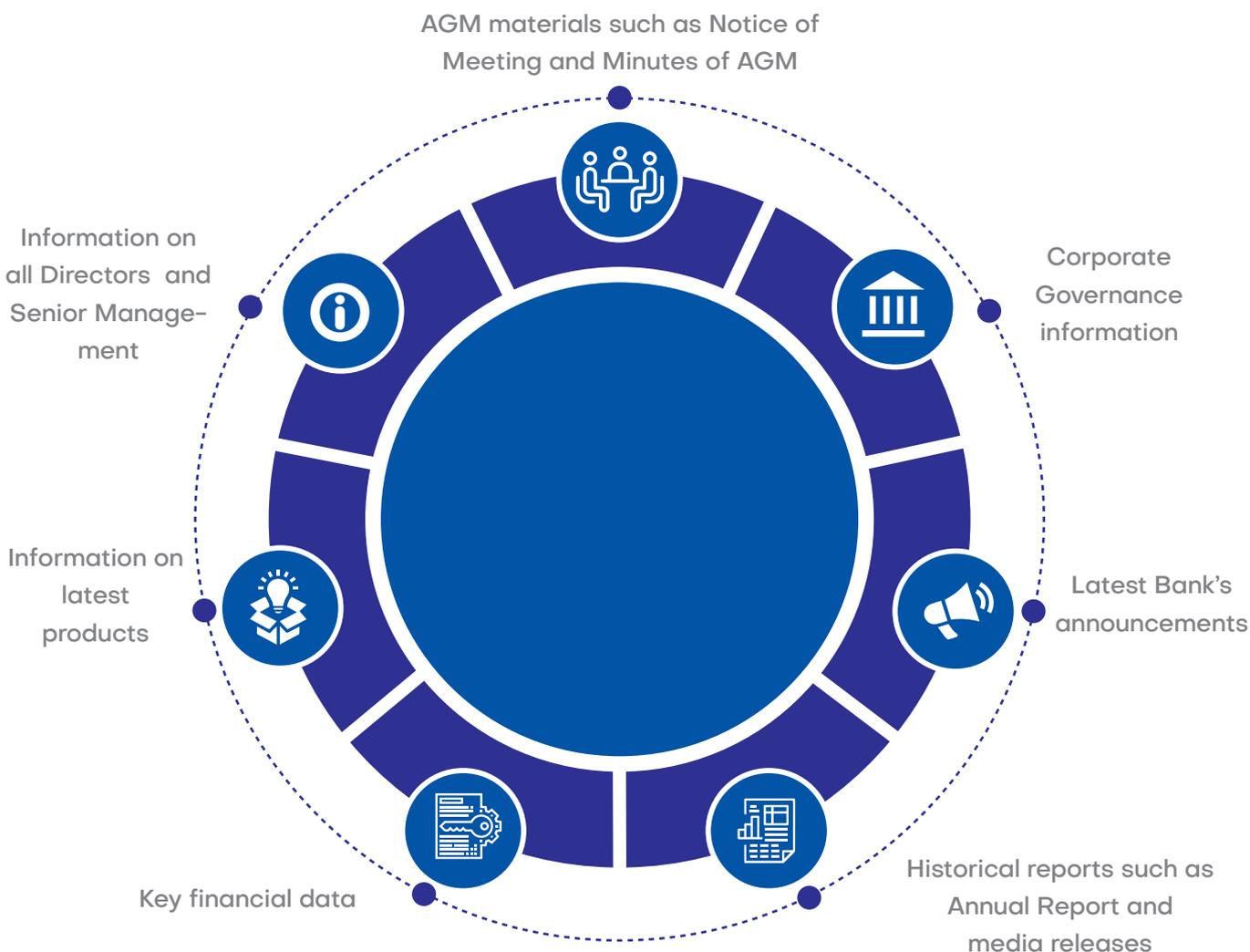
C. INTEGRITY IN CORPORATE REPORTING AND COMMUNICATION WITH STAKEHOLDERS

COMMUNICATION WITH STAKEHOLDERS

The Board endeavours to continue maintaining an open and timely communication with all stakeholders. The Board currently conducts its engagement with stakeholders through various mechanisms such as the publication of Financial Reports, Corporate Governance Reports, Sustainability Reports, minutes of AGM, media releases and communication via electronic means such as **uab's** corporate website and facebook page.

Valuing the importance of transparency, we ensure that important and material information are communicated to stakeholders in a timely manner, through the Bank's website, www.uab.com.mm.

The corporate website is regularly updated with relevant information for the ease of all stakeholders. Information disclosed in the website include:





Governance

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Statement outlines the key features of the risk management and internal control system of **uab** during the year under review.

BOARD RESPONSIBILITY

The Board of Directors (“the Board”) is responsible for the overall governance, management and strategic direction of the Bank. It has ultimate responsi-

bility for the Bank’s business strategy and financial soundness, key personnel decisions, organisational structure, governance framework and practic-

a.	Approving the annual financial statements and requiring an annual independent audit	g.	Playing a lead role in establishing the Bank’s corporate culture and values
b.	Approving the selection and performance of the CEO and other Senior Officers	h.	Overseeing the development of and approving the Bank’s business objectives and strategies and monitoring their implementation
c.	Overseeing the development of, and approving the Bank’s policy on transactions with related parties	i.	Requiring the Bank to maintain a robust finance function responsible for accounting and financial data
d.	Overseeing the compliance of the Bank with the Financial Institutions Law, Regulations and Directives issued	j.	Keeping up with material changes in the Bank’s business and external environment as well as acting on necessary changes in a timely manner to protect the long-term interests of the Bank
e.	Overseeing the integrity, independence and effectiveness of the Bank’s policies and procedures for reporting fraud and other illegal activities	k.	Overseeing the Bank’s policies on salaries and benefits, including monitoring and reviewing executive compensation and assessing whether it is aligned with the Bank’s risk culture and risk appetite
f.	Establishing, along with Bank’s officers, the Bank’s risk appetite, taking into account the competitive and regulatory landscape in the banking industry and the Bank’s long-term interests, risk exposure and ability to manage risk effectively	l.	Overseeing implementation of the Bank’s governance framework and periodically reviewing that it remains appropriate in the light of material changes to the Bank’s size, complexity, geographical footprint, business strategy, markets and regulatory requirements

Duties and Responsibilities

es, risk management and compliance obligations. The key roles and responsibilities of the Board include: The Board regularly receives and reviews reports on internal control; and is of the view that the system of internal controls that has been instituted throughout the Bank is sound and adequate to safeguard the shareholders' investments and the Bank's assets.

The Bank has instituted an on-going process for identifying, evaluating and managing the significant risks faced by the Bank. This process includes updating the system when there are changes to the business environment or regulatory guidelines. The process has been in place during the year under review and up to the date of approval of this statement; and is regularly reviewed by the Board. The role of Management is to implement the Board's policies, procedures and guidelines on risks and controls, to identify and evaluate the risks faced, and to design, operate and monitor a suitable system of internal controls to manage these risks.

MANAGEMENT RESPONSIBILITY

The Management is overall responsible for implementing the Bank's policies and processes to identify, evaluate, measure, monitor and report on risks as well as the effectiveness of the internal control systems, taking appropriate and timely remedial actions as required.

Its roles include: -

- Identifying and evaluating the risks relevant to the Bank's business and achievement of its business objectives and strategies;
- Formulating relevant policies and procedures to manage risks and the conduct of business;

- Designing and implementing the risk management framework and internal control system, and monitoring its effectiveness; Implementing policies approved by the Board;
- Implementing remedial actions to address compliance deficiencies as directed by the Board; and
- Reporting in a timely manner to the Board on any changes to the risks and the remedial actions taken.

Accordingly, the Management has provided assurance to the Board that the Bank's risk management and internal control system is operating adequately and effectively with the necessary processes in place.

RISK MANAGEMENT FRAMEWORK

uab has in place a risk management framework approved by the Board for identifying, measuring, monitoring and reporting of significant risks faced by the Bank in the achievement of the Bank's business objectives and strategies.

The Bank's risk management framework ensures that there is an effective on-going process to identify, evaluate and manage risk across the Bank and is represented in the following diagram:

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

uab bank Risk Governance				
Board of Directors				
The Board of Directors provide overall risk oversight including defining risk appetite and governing structure				
Board Risk Committee	Board Audit Committee	Board Advisory & Strategy Committee	Board Credit Committee	Board Nomination & Remuneration Committee
Senior Management				
Responsible for the implementation of policies and procedures to manage risks				
Management Committee				
Asset Liability Committee	Credit Committee	Disciplinary Committee	Product Committee	Management Audit Committee
Lines of Defence				
1st Line	2nd Line		3rd Line	
Risk Takers and Owners Manage day-to-day risk inherent in the business	Risk Oversight & Control Ensure risk framework, policies and appetite are within established limits		Audit Provide independent assurance on risk management and controls	

RISK GOVERNANCE AND OVERSIGHT

The Board, through its Board Risk Committee (BRC) provides oversight on the risk management activities for the Bank to ensure that the Bank’s risk management processes are functioning effectively. The BRC also assists the Board to review the Bank’s overall risk management philosophy, frameworks, policies and models, methodologies and guidelines, risk tolerance and other risk related matters of the Bank. Approval of risk policies by the Board is obtained where necessitated by regulatory

requirements. Amongst the other committees set-up in the Bank to manage specific areas of risk are the Asset and Liability Committee, Management Credit Committee and Board Credit Committee with their scope of responsibility as defined in their respective terms of references.

Risk Appetite

Risk appetite for the Bank is defined as the amount and the type of risks that the Bank is willing to accept in pursuit of its strategic and business objectives.

Risk tolerance on the other hand, is the acceptable level of variation relative to the achievement of the Bank's strategic and business objectives. It is measured in the same units as the related objectives. It translates risk appetite into operational metrics, and it can be defined at any level of the Bank.

The defined risk appetite and risk tolerance are periodically reviewed by the Management and the Board in line with the Bank's business strategies and operating environment. Such review includes identifying and setting new risk appetite metrics for the business entity or removal of risk appetite metrics that are no longer applicable as well as updates on the risk appetite thresholds to be in line with the Bank's business strategy and risk posture. The main business and operations inherent risks that were considered in the risk appetite review include regulatory compliance risk, credit risk, market and liquidity risk.

Risk Management Processes

The risk management processes within the Bank seek to identify, evaluate, measure, monitor and control risk so that risk exposures are adequately managed and the expected returns adequately compensate the risks.

- **Identification:** The identification and analysis of the existing and potential risks is a continuing process, in order to facilitate and ensure that the risks can be managed and controlled within the risk appetite of the Bank, where necessary.
- **Measurement:** Risks are measured, assessed and aggregated using comprehensive qualitative and quantitative risk measurement methodologies, and the process also serves as an important tool as it provides an assessment of capital adequacy and solvency.

- **Controlling and Monitoring:** Controls, triggers and limits are used to manage risk exposures and to facilitate early identification of potential problem on a timely basis.
- **Analytics and Reporting:** Risk analysis reports prepared at the respective entities and consolidated level as well as business level are regularly escalated to the Senior Management and relevant Boards Committees to ensure that the risks identified remain within the established appetite and to support an informed decision making processes.

Risk Documentation and Infrastructure

The Bank recognises that effective implementation of the risk management system and process must be supported by a robust set of documentation and infrastructure. Towards this end, the Bank has established frameworks, policies and other relevant control documents to ensure clearly defined practices and processes are implemented consistently across the Bank.

In terms of risk infrastructure, the Bank has organised its resources and talents into specific functions, and invested in technology, including data management, to support the Bank's risk management activities.

Risk Culture

Risk management is integral to all aspects of the Bank's activities and is the responsibility of all employees across the Bank. In line with regulatory requirements and industry best practices, the Bank subscribes to the principle that "Risk and Compliance is Everyone's Responsibility" and hence, risk management is a core re

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

sponsibility of the respective businesses and operating units.

Guided by the said principle, the Bank has launched a Risk Culture Awareness programme which comprises training and periodical bulletins to all staff to promote a healthy risk culture. A strong risk culture minimises the Bank's exposure to financial and non-financial risks including reputational impact, over time.

Major risks arising from the Bank's day-to-day activities in the financial services industry comprise credit risk, liquidity risk, market risk and operational risk.

KEY INTERNAL CONTROL PROCESSES

To ensure that a sound system of controls is in place, the Board has established primary processes in reviewing the adequacy and integrity of the system of internal controls. The primary processes include:

- Regular and comprehensive management reports are made available to the Board Advisory and Strategy Committee on a monthly basis, covering financial performance and key business indicators, which allow for effective monitoring of significant variances between actual performance against budgets and plans;
- Clearly defined delegation of responsibilities to committees of the Board and to Management including organisation structures and appropriate authority levels;
- A risk management framework, code of ethics, human resource policies and performance re-

- ard system to support business objectives, risk management and the system of internal control;
- Defined policies and procedures to control applications and the environment of computer information systems;
- Regular updates of internal policies and procedures, to adapt to changing risk profiles and address operational deficiencies;
- Regular reviews of the Bank's activities by the Bank's Internal Audit, to assess the effectiveness of the control environment and to highlight significant control gaps impacting the Bank;
- Documentation and periodic assessment of controls and processes by all businesses and support units for managing key risks; and
- Regular Senior Management meetings to review, identify, discuss and resolve strategic, operational, financial and key management issues.

The key processes established by the Board that provide effective governance and oversight of internal control systems include:

- Organisation Structure
- Policies and Procedures
- Authority Limits
- Information Technology Security
- Budgeting Process
- Human Capital Management
- Codes of Ethics and Conducts
- Anti-Money Laundering Policy
- Fraud Risk Management Policy
- Business Continuity Management
- Performance Review

- Whistleblowing Policy
- Incident Management Reporting
- Board and Management Committees
- Compliance

INTERNAL AUDIT

Internal Audit (“IA”) reports functionally to the BAC and is independent of the operations and activities it audits. The main responsibility of IA is to provide an independent appraisal on the adequacy and effectiveness of the Bank’s risk management, internal control and governance processes implemented by the Management.

The internal audit covers all key activities of the Bank, including that of its branches, business and functional units.

IA adopts a risk-based approach in determining the auditable units and frequency of audits in line with the Bank’s key risks, strategies and areas of focus, which are identified based on IA’s risk assessment methodology.

The areas to be audited are documented in the internal audit plan that is developed based on a risk-based approach and is approved by the

BAC annually. Audit reports which include detailed audit findings, IA’s comments and recommendations, and Management’s response are tabled to MAC and BAC on a quarterly basis.

The established MAC is tasked to ensure that issues raised by IA, external auditor and regulators are addressed within an appropriate and agreed timeline. Confirmation to this effect must be provided by Management to IA for verification before the issues concerned can be closed at the MAC.

ASSESSMENT OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board, through the BAC and BRC confirms that it has reviewed the adequacy and effectiveness of the Bank’s risk management and internal control system.

Based on the updates from its Board Committees and the assurance received from the Management, the Board is of the view that the Bank’s risk management and internal control system is operating adequately and effectively for the financial year under review and up to the date of approval of this Statement.





Governance

RISK MANAGEMENT REPORT

RISK MANAGEMENT OVERVIEW

Effective risk management is integral to the Bank's business success. The Bank's approach to risk management is to ensure that risks are managed within the levels established by the Bank's various senior management committees and approved by the Board and/or its committees. The risk management targets are also aligned with the Bank's overall Strategy and Business Plan to ensure a coherent convergence by all parts of the Bank to its ultimate objectives.

RISK MANAGEMENT FRAMEWORK

The Risk Management Framework governs the management of risks in the Bank, as follows:

- It provides a holistic overview of the risk and control environment of the Bank, with risk management aimed towards loss minimisation and protection against losses which may occur through, principally, the failure of effective checks and controls in the Bank.
- It sets out the strategic progression of risk management of the Bank towards becoming a value creation enterprise. This is realised through building up capabilities and infrastructure in risk management sophistication, and enhanced risk quantification to optimise risk-adjusted returns.

The Risk Management Framework is represented in the following diagram:



RISK MANAGEMENT REPORT

RISK GOVERNANCE AND ORGANISATION

Board Responsibility

The Board of Directors ('the Board') is cognisant of its overall responsibility in the establishment of a sound risk management and internal control system as well as reviewing its adequacy and effectiveness.

The Board has established the following mechanism to ensure that the risks are managed within the tolerance level set to achieve the Bank's business objectives:

- Set the overall risks appetite and ensure that mechanisms are in place to effectively mitigate risk.
- Ensure that appropriate policies, procedures

effective overights of risks and internal controls.

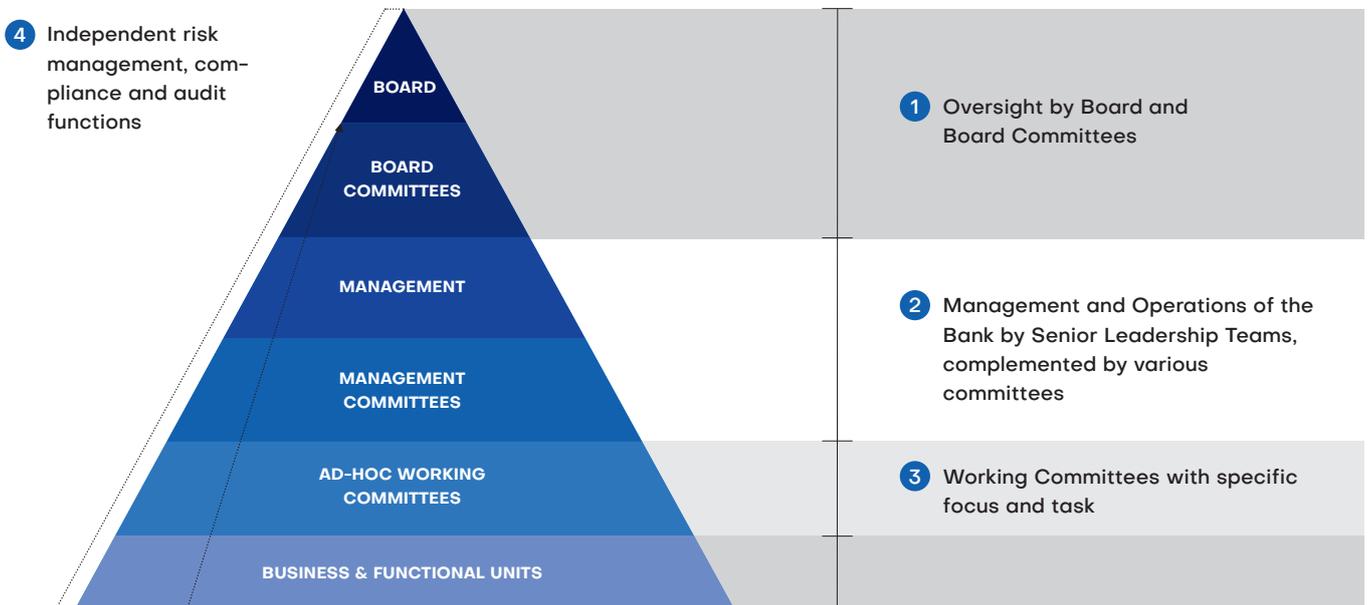
The 5 Committees are as follow:

- Board Advisory & Strategy Committee
- Board Risk Committee
- Board Credit Committee
- Board Audit Committee
- Board Nomination & Remuneration Committee

Senior Management Responsibility

The Management is responsible for implementing the Board's policies and procedures to manage risks in accordance to the risk appetite set. Their roles include: -

- Identify and evaluate risks relevant to the Bank's



- and controls are in place to manage such risks.
- Ensure that arrangements are in place for the effective reporting on all issues related to the functioning of the risk management framework. To assist in the managing of risk, the Bank has established a governance structure that ensures

- business, and the achievement of its business objectives.
- Formulate and implement policies and procedures to manage these risks, as approved by the Board.
- Design, implement and monitor the effective

implementation of risk management and internal control system.

- Report in a timely manner to the Board any changes to the risks and the corrective actions taken.

The Bank has also established Senior Management Committees to assist in making business decisions with due consideration to risks and returns.

The main senior management committees are:

- Management Committee
- Asset Liability Committee
- Credit Committee
- Disciplinary Committee
- Product Committee
- Management Audit Committee

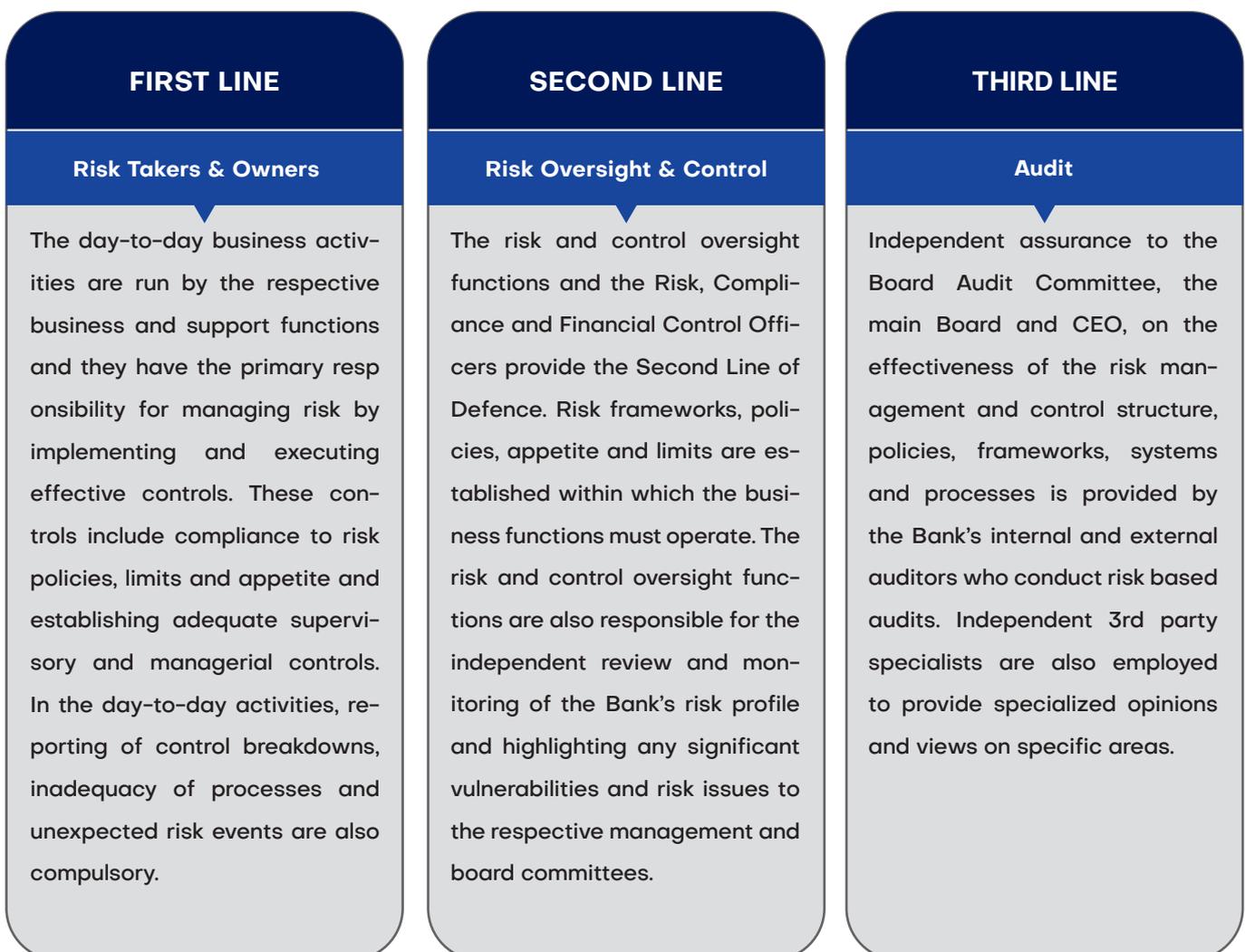
Each sub-committee of the Bank both at Board and Management levels has its Terms of Reference.

RISK CULTURE

Proactive risk ownership is important for effective management of risk. This promotes a risk awareness culture throughout the Bank.

The Bank adopts a three (3) Lines of Defence structure and its culture ensures that risk awareness and accountability is also the responsibility of every employee in the Bank.

The three Lines of Defence is described as follows: -



RISK MANAGEMENT REPORT

RISK APPETITE

The Bank has established risk appetite indicators to define the amount of risk that the Bank is able and willing to take in pursuit of its business objectives. The objective of establishing risk appetite indicators is not to limit risk-taking but to ensure that the Bank's risk profile remains within well-defined and tolerable boundaries which are aligned to the Bank's business strategy.

The risk appetite defines suitable thresholds and limits across key areas including but not limited to credit risk, market risk, liquidity risk and operational risk. Our risk-taking approach focuses on businesses which we understand and are well equipped to manage the risk involved. Through this approach, we aim to minimize earnings volatility and concentration risk and ensure that our capital and funding base remain intact. This allows us to be a stable partner with our customers through changing economic conditions and cycles.

The Bank's risk appetite framework is updated and approved annually by the Board. Senior management monitors and reports the risk limits to the Board Risk Committee.

Basel Framework

The Bank observes the Central Bank of Myanmar framework for Capital Adequacy and this is based on Basel 1.

The Bank continues to adopt a prudent and proactive approach in navigating the evolving regulatory landscape, with emphasis on sound risk management principles in delivering sustainable returns.

SIGNIFICANT RISKS

Credit Risk

The risk of loss arising from customers' or counterparties' failure to fulfil their financial and contractual obligations in accordance to the agreed terms. It stems primarily from the Bank's lending/financing, trade finance and its funding, investment and trading activities from both on- and off- balance sheet transactions.

Credit risk is the single largest risk that the Bank faces in its core business as a commercial bank, arising primarily from loans and other lending related commitments to Retail, SME and Corporate borrowers. Treasury operations and investments also expose the Bank to counterparty and issuer credit risks.

Credit Risk Management Approach

Credit risk management is conducted in a holistic manner. Credit underwriting standards are articulated in an approved credit policy which is developed for the assurance of asset quality that is in line with the Bank's risk appetite. Industry best practices are instilled in the continual updating of the Bank's credit policy including independent assessment of credit proposals and adoption of multi-tiered delegated lending authorities spanning from individuals to credit approving committees.

The Credit Management Department is responsible for the reporting, analysis and management of all elements of credit risk. It develops bank-wide credit policies and guidelines, and focuses on facilitating business development within a prudent, consistent and efficient credit risk management framework. Management Credit Committee ("MCC") is re-

sponsible for ensuring adherence to the Board approved credit risk appetite as well as the effectiveness of credit risk management. MCC is the senior management committee empowered to approve or reject all counterparty credit and lending/financing up to the defined threshold limits.

The Board Credit Committee's ("BCC") main functions are (i) affirming, vetoing or imposing more stringent conditions on credits of the Bank which are duly approved by the MCC (ii) overseeing the management of impaired and high risk accounts, and (iii) approving credit transactions to connected parties up to the defined threshold limits. BCC also endorses policy loans/financing and loans/financing required by CBM to be referred to the respective Boards for approval.

Regular risk reporting is made to the senior management, board committees and the Board. These reports include various credit risk aspects such as portfolio quality, credit migration, expected losses, and concentration risk exposures by business portfolio. Such reporting allows senior management to identify adverse credit trends, take prompt corrective actions, and ensure appropriate risk-adjusted decision-making.

The Bank also ensures that internal processes and credit underwriting standards are adhered to before credit proposals are approved.

- Credit Approval Process with the following characteristics:
 - the credit origination and approval functions are clearly segregated.
 - credit approval authority is delegated to offic-

ers based on their experience, seniority and track record

- credit approval is based on the borrower's credit rating based on a credit rating system
- credit policies and credit guidelines that are periodically reviewed to ensure their continued relevance to the Bank's business strategy and business environment.

- Credit Concentration Risk arising from a single party large exposure or from multiple exposures that are closely related. This is managed by setting exposure limits on obligors, portfolios, borrowers, industries and geographical areas.

- Credit Monitoring and Remedial with the Bank regularly monitoring credit exposures, portfolio performance and emerging risks that may impact its credit risk profile. The Board and Senior Management are updated on credit trends through internal risk reports.

- Delinquency Monitoring is closely monitored since the delinquency of borrowing accounts is a key indicator of credit quality. An account is considered as delinquent when payment is not received on due date. Any delinquent accounts, including a revolving credit facility (such as an overdraft) with limit excesses, is closely monitored and managed through a disciplined process by officers from business units and risk management function. Where appropriate, such accounts are also subject to more frequent credit reviews.

- Classification of Loans are made in compliance to the guidelines from the Central Bank of Mya-

RISK MANAGEMENT REPORT

anmar. Performing loans are classified against their Credit ratings and categorised under “Standard”, “Watch” and “Substandard” whilst non-performing loans are categorised as ‘Doubtful’ or ‘Loss’ in accordance with the Bank’s Policy. Any account which is delinquent (or in excess for a revolving credit facility such as an overdraft) for more than 90 days will be categorised automatically as ‘Non-Performing’. In addition, the Bank’s Policy requires that any account that exhibits weaknesses which is likely to jeopardise repayment on existing terms may be categorized as ‘Non-Performing’ in an appropriate category.

- Impairment provisions are based on Central Bank of Myanmar regulations and these are largely on loans that are unsecured. In addition, a General Provision of 2% on all loans is required.
- Write-Off of a Loan is made when the prospect of a recovery is considered poor or when all feasible avenues of recovery have been exhausted.

The Notes to Accounts sets out various tables that indicate the position of the Bank in the above matters.

Market Risk

Market Risk is the risk of losses arising from adverse movements in market indicators, such as interest rates, credit spreads, currency exchange rates and certain exposures in the Banking Book. Our Bank’s market risk is managed by the Treasury Department and it focuses on two main components namely Interest Rate risk and Foreign Exchange risk.

Market Risk Management Approach

The Asset and Liability Committee (ALCO) perfo-

rms a critical role in the oversight and management of the market risk. Presently the Central Bank of Myanmar allows banks to quote both Deposit and Loan interest rates within a narrow band. The primary objective of Interest Rate risk management is to protect and enhance capital or economic net worth through adequate, stable and reliable growth in net interest earnings under a broad range of possible economic conditions.

Foreign Exchange risk is managed through the Foreign Exchange Open Position which measures the mismatch in the assets and liabilities of various currencies. A Net Open Position limit is set by the Central Bank of Myanmar.

Liquidity Risk

The risk of the Bank being unable to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due and transact at a reasonable cost. Liquidity risk also arises from the inability to manage unplanned decreases or changes in funding sources.

Liquidity Risk Management Approach

The Bank maintains sufficient liquidity to fund its day-to-day operations, meet deposit withdrawals and loan/financing disbursements, participate in new investments, and repay borrowings and is well-above its regulatory requirement.

Liquidity risk is managed in accordance with a framework of policies, controls and limits. In addition to these controls and policies, the Bank also actively manages and monitors daily Central Bank of Myanmar liquidity requirements. These policies, controls and limits enable the Bank to monitor and manage liquidity risk to ensure that sufficient sources of funds are available over a range of mar-

ket conditions. These include minimizing excessive funding concentrations by diversifying the sources and terms of funding as well as maintaining a portfolio of high quality and marketable liquid assets.

The Bank takes a conservative stance in its liquidity management by continuing to gather core deposits, ensuring that liquidity limits are strictly adhered to and that there are adequate liquid assets to meet cash shortfalls.

The distribution of deposits is managed actively to ensure a balance between cost effectiveness, continued accessibility to funds, and diversification of funding sources. Important factors in ensuring liquidity are competitive pricing, proactive management of the Bank's core deposits and the maintenance of customer confidence.

In the Notes of Accounts, the Bank presents the maturity mismatch analysis of the Bank's various time bands relating to the cash inflows and outflows based on contractual maturity arising from the Bank's activities. The Bank also for its internal reporting applies internal models which makes behavioral adjustments on significant balance sheet items which differ from the Bank's contractual profile in order to simulate a more likely maturity mismatch position.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people systems and/or external events which also includes IT, Legal and non-compliance risk. Potential loss may be in the form of financial loss or other damages, for example, loss of reputation and public confidence that will impact the Bank's credibility and ability to transact, maintain liquidity and obtain new

business.

Operational Risk Management Approach

The Bank's objective is to manage operational risk at appropriate levels relative to the markets in which the businesses operate.

Operational Risk is managed through established operational risk management processes with an objective of ensuring these risks are identified, assessed, measured, evaluated, treated, monitored and reported with an appropriate governance oversight.

The strategy for managing operational risk in the Bank is anchored on the three lines of defence concept with the 1st Line of Defence being business units, departments and retail branches who own and manage risk as part of their day-to-day activity, 2nd Line of Defence being independent risk functions and 3rd Line of Defence being Internal Audit and External Audit who provide independent assurance

Several risk mitigation policies and programmes are in place to maintain a sound operating environment. This includes identifying the source of risk which may include People, Policy, Processes, Procedure or Platform & Systems.

A Product Committee has been established to ensure that risks associated with new/variation products and services are identified, analysed and addressed prior to product launch and is subject to periodic reviews.

A Management Audit Committee has been established to ensure that all findings of the 3rd Line of Defence namely Internal Auditors, External Auditors

RISK MANAGEMENT REPORT

and Central Bank Inspectors are rectified by the 1st Line of Defence particularly at root cause level.

Regulatory Non-Compliance Risk

Losses arising from regulatory sanctions, financial loss or reputational damage which a financial institution may suffer as a result of failure to comply with all laws, rules, standards and codes of conduct.

Regulatory Non-Compliance Risk

This risk is identified, monitored and managed through a structured framework of policies, procedures and guidelines maintained by the Bank. The framework also manages the risk of breaches and sanctions relating to Anti-Money Laundering and Countering the Financing of Terrorism. The Bank's Compliance unit oversees the compliance risk of the Bank.

The Bank actively manages fraud and bribery risks. A whistle-blowing programme is in place and all employees are guided by a Code of Ethics. An Anti-Bribery and Corruption Policy is in place with the relevant provisions. A quarterly Risk Newsletter has been instituted to heighten risk awareness amongst employees. Job rotation and block leave are imposed to provide better internal control against internal fraud.

OTHER RISKS

People Risk

People risks are risks to the organisation and its performance that can be attributed to the workforce. They include behavioural actions, deliberative (human fraud) and non-deliberative (human error), organisation structure, capabilities, deployment, mobility, attraction, retention, talent and succession management and issues pertaining to

employee relations.

The Bank views the employees as a core asset. Therefore, it has put in place various initiatives to ensure that all employees are compliant, developed and aligned with the objectives of the Bank. Amongst all: -

- Code of Ethics
- Employee Handbook
- Continuous Professional Development
- Annual Performance Review
- Talent & Succession Planning

Technological Risk

The business risk associated with the use, ownership, operation, involvement, influence and adoption of Information Technology (IT) within an enterprise.

In order to mitigate cyber security threats, security tools are in place to strengthen end-point security, and to detect of suspicious network traffics. Regular vulnerability assessment and penetration testing were also performed as part of the threat hunting to assess the IT environment for areas of weaknesses.

Legal Risk

Legal risks are risks arising out of lawsuits or claims involving the Bank, developments in laws and regulations or non-compliance with applicable laws, rules and professional standards. Legal Risk is monitored by the Legal Department of the Bank and where necessary, external lawyers are appointed.

Reputational Risk

Reputational risk is the risk arising from negative

perception on the part of customers, counterparties, shareholders, investors, debt-holders, market analysts, other relevant parties or regulators that can adversely affect a bank's ability to maintain existing, or establish new, business relationship and continued access to sources of funding (e.g. through the interbank or securitisation markets). The Bank recognises the impact of reputational risk and the Corporate Branding Department monitors all activities in the social, print and other forms of media and communications.

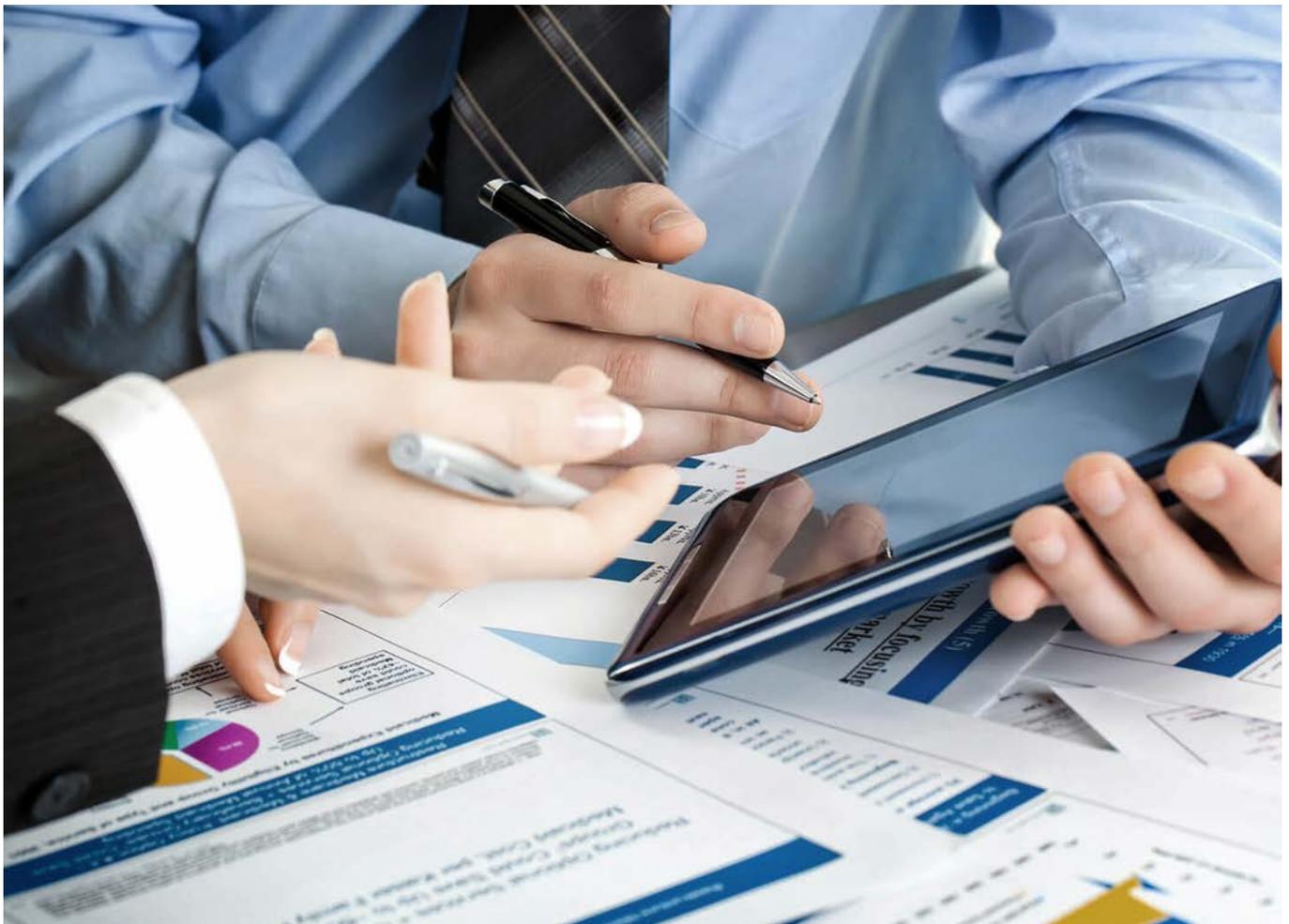
Environmental and Social Risk

There is an increasing expectation from the stakeholders, locally and globally, for organisations to shift their focus from short-term gains to long-term value creation.

Sustainable Finance allows us to design our lending and investment portfolio, with Environmental and Social Risk (ESR) considerations, helping the Bank operate with resilience and deliver positive impact

The Bank is mindful of the importance of sustainability, and thus took various initiatives, for example collaboration with World Wide Fund for Nature – Myanmar to lead and promote Environmental, Social and Governance (ESG) integration in the Myanmar's Financial System.

A separate sustainability statement in the Annual Report addresses the Bank's response towards the broader environment and other social risks.



Human Capital Report

Human Capital Report





Human Capital Report

A year of change and a new focus

2019 was a year of change and an exciting period of navigating our talent towards a new **uab**.

In the course of the year, our employees experienced several changes with **uab** adopting:

- A new name
- A new bank logo
- A new Purpose and Mission Statement
- A new and revitalised Code of Ethics
- A new and award-winning Head Office space

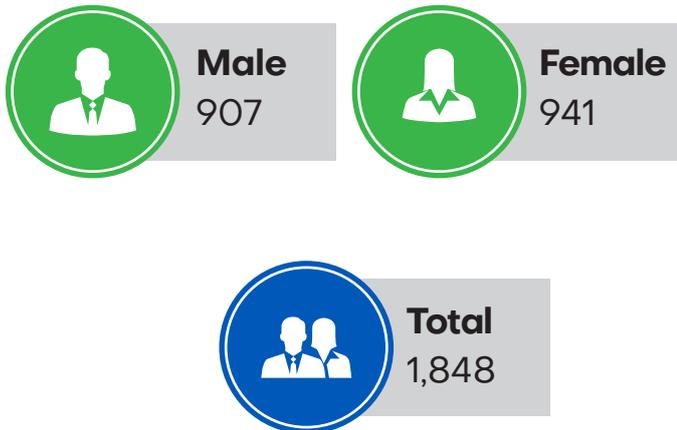
With the changes, 2019 was an exciting year focusing on preparing our diverse work force towards the right mind set, skills and tools towards our new values:

A desire to
The passion to
The courage to lead

connect.
create.
change.



Our People Profile



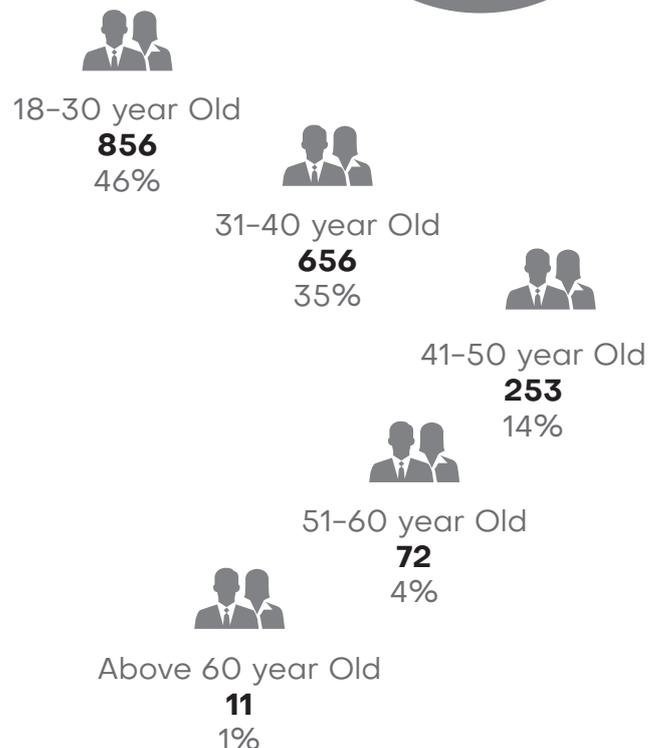
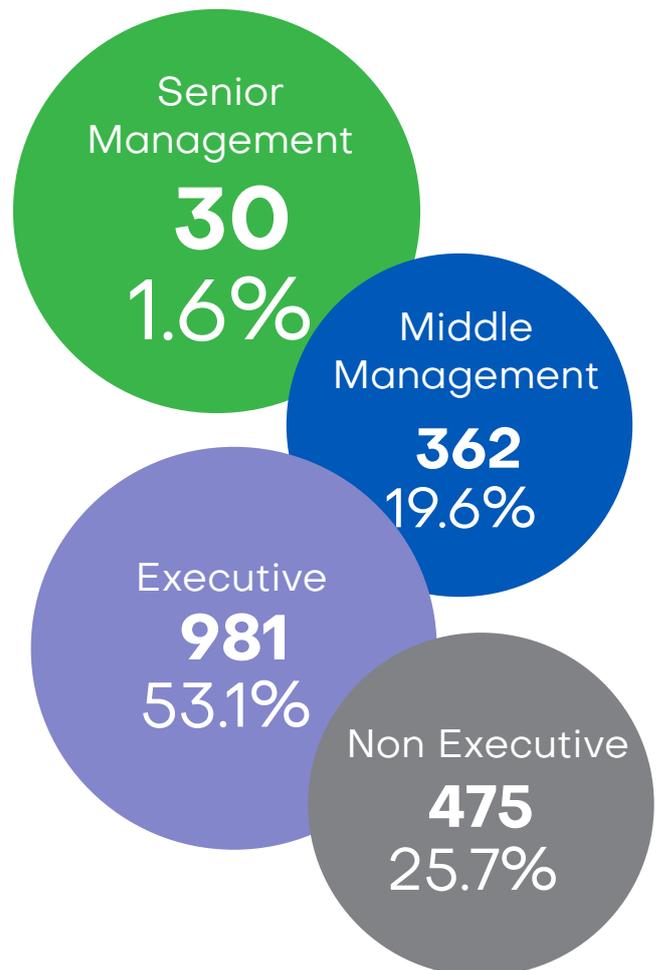
As an equal opportunity employer, the Bank supports gender diversity and equal gender participation in the workplace.

Our Employee Engagements

Several engagement sessions were held with employees in order to provide clarity on the new changes and direction of the Bank. These sessions allowed the leadership and employees to connect with each other.

Amongst all, the employee engagement sessions with Senior Management included:

- Ten (10) tea sessions throughout the year between Head Office staff and CEO
- Two (2) Movie Sessions & Townhall with a total of 900 **uabians**
- Drivers Town Hall in September 2019 attended by 108 **uab** drivers
- Marching to uab Tower @ Times City in October 2019 by 323 **uabians** to signify the move to the new Head Office
- Friday Talk in November 2019 at uab Tower @ Times City attended by 150 **uabians**
- Managers Conference in November 2019 at Heritage Bagan Hotel attended by 145 Branch and Head Office leaders



Human Capital Report

Our People Development

Over the period from October 2018 to September 2019, training and development continued to play a crucial part in equipping our work force. The Bank continued its emphasis on blended learning through our principle of 70-20-10 i.e.

- 70% - Learning & Development through job related experience
- 20% - Learning & Development through interaction with others
- 10% - Learning & Development through formal and structured training courses

A large part of learning was through on-the-job experiences and training. In the leadership development of our people, mentoring and coaching has been encouraged and expected trait amongst the leaders at **uab**. Further, a large part of our employee engagement activity was also spent on interacting with and developing our people. Our three-fold values of Connect· Create· Change· embody this concept of development.

Formal learning through class

room, seminars and workshops were conducted as follows:

- 835 employees attended formal classroom training
- 150 senior and middle management attended formal development conference
- 1,800 formal training and development man-days recorded

Looking forward into the new year, the move into our new work space at uab Tower @ Times City also brought with it a large area of training facilities with capacity of taking up to 250 people at any one time. This enhanced ability bodes



well to extend our capacity for formal class room training in the new financial year.

Our Productivity Increase

With the changes put in place and the good performance of the Bank, we are pleased

to note the improvements in productivity with Profit Before Tax per employee increasing to MMK 10.4 mil for the period the ending 30 September 2019 compared to MMK 4.7 mil for the previous 12 months.

These productive gains are encouraging and the early signs moving into the new financial year is that the increase is expected to further improve.

Our Rewards and Remuneration

The Bank's total compensation comprises two main components:

- Fixed pay which includes base salary and fixed allowances
- Variable pay which rewards employees based on the performance of the Bank, business functions

and an employee's individual performance.

The Bank also provides staff loan facilities to its employees in the form of personal, vehicle and housing loans. Eligible staff are also entitled to a credit card with a prescribed credit limit.

We take a holistic view of various factors to determine and to ensure that an employee's total compensation is fair. This is done with the objectives to reward contributions, motivate and retain talents.

Performance-based variable pay is linked to the performance of

the Bank, business functions and the employee's individual achievement of performance targets.

The performance of each employee is evaluated based on a mix of performance objectives, competencies and behaviours that uphold the uab bank Values. Variable pay of each employee is dependent and differentiated by the employee's performance at the end of every year.

Given the productivity increases over 2019, we are pleased to note that **uabians** were able to share in a larger bonus pot over the year.

Our Focus for 2020

With the foundation that we have laid over the last year, we look to unlock the potential that we see in the diverse talent that we presently have and hope to on-board.

Our efforts will be centered on bringing in the right talent into the organisation, reinforcing our line of sight towards our Purpose and ensuring commitment, creativity, operational excellence and customer centricity as we continue to march towards : **"The courage to lead change"**.



Sustainability Statement

Sustainability Statement





As a leading financial institution in Myanmar, we are focused on, “Leading the way towards a better Myanmar, humanising banking, connecting people, creating opportunities and changing lives”.

We define the term “Sustainability” as economic development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

“We firmly believe that as an industry that plays an instrumental role in economic growth and global trade, banks could be a powerful force for change, to create a huge positive impact not just economically, but also socially and environmentally.”

Sustainability Statement

BOARD STATEMENT ON SUSTAINABILITY

The Board is committed to responsible banking and understands that responsible approach to business is a decisive factor determining the long-term success of the Bank. Economic, environmental and social issues, including climate change and human rights, matter in the communities and markets where we do business. We are integrating such considerations into our activities in order to understand and assess risks in our business transactions, to pursue business opportunities by developing products and services, to appropriately manage our operations and supply chain and to meet the expectations of our

diverse stakeholders. We are committed to meeting the regional, national and international environmental and social standards applicable to our business operations and services, and to living up to the expectations and principles set out under the UN Global Compact, United Nations Guiding Principles on Business and Human Rights, the UNEP Statement of Commitment by Financial Institutions on Sustainable Development, the Equator Principles and other applicable standards as they arise. Furthermore, we aim to contribute to the realisation of the UN Sustainable Development Goals.

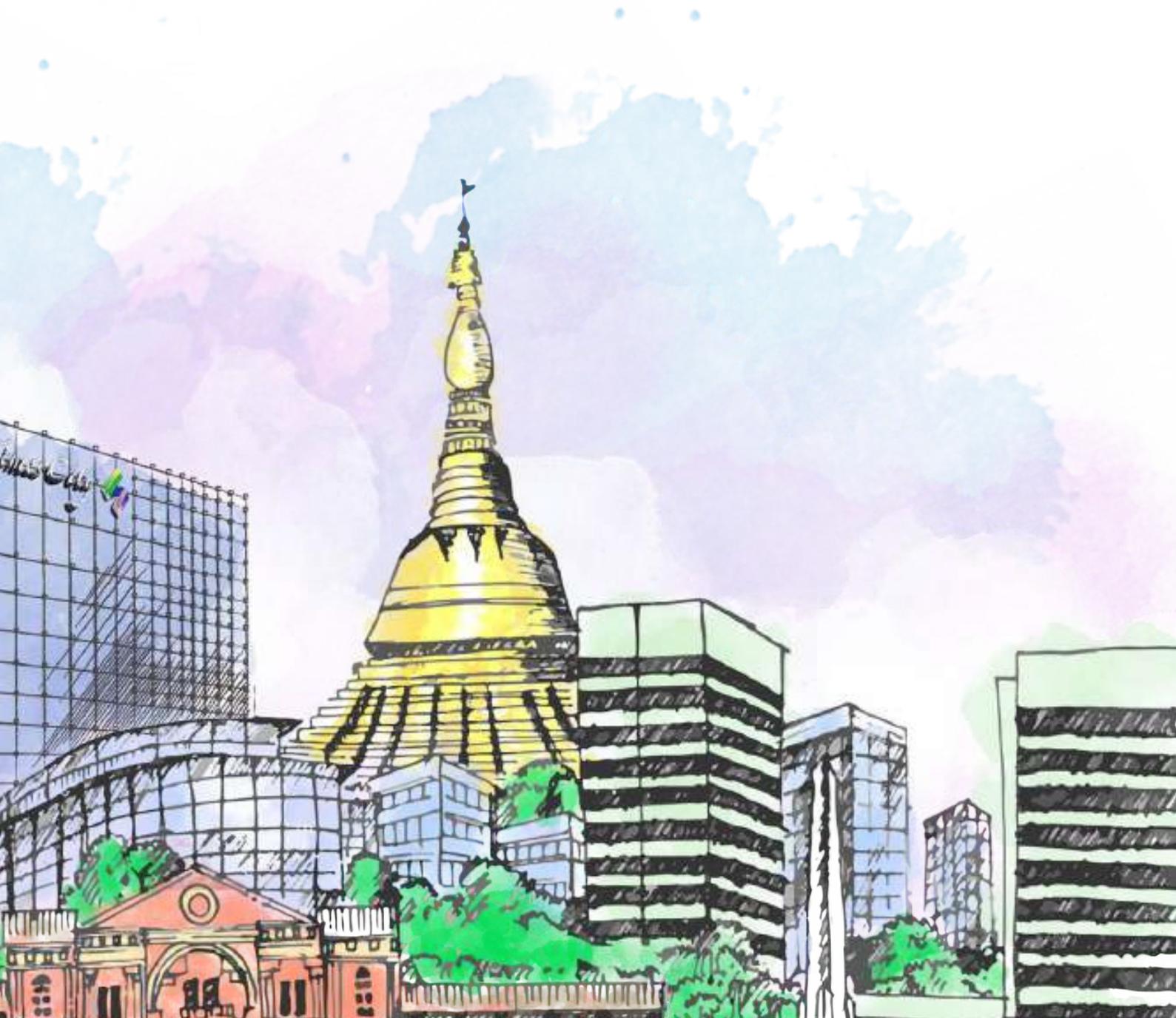


In promoting sustainable development, we look to being a change agent and incorporating environmental and social considerations into our business so that we can impact people's lives meaningfully. We believe in giving back to all stakehold-

ers which includes our employees, customers, shareholders, business partners, contractors, government and the community where we do business.

To ensure, we prioritise the issues that have the most impact

on the economy, society and the environment, and that most influence the decision-making of our stakeholders, we conducted a first formal stakeholder engagement throughout 2019 and materiality analysis in September 2019.



Sustainability Statement

RELEVANCE OF ASSESSMENT

- Identification of the material issues to stakeholders and the Bank helps to formulate the strategy
- A robust process to identify the priority issues allows us to make an efficient resource allocation
- As materiality requires internal and external engagement, materiality offers the opportunity for the Bank to gather stakeholder opinions and provide a solid foundation for an on-going conversation, strengthen the two way communication, build credibility and reputation
- Through materiality assessment, we gain a better understanding of how to better position our reporting to deliver meaningful insight on issues that matter both to us and stakeholders
- During the process, we identify other topics that are equally important because they safeguard the Bank's credibility and hence contribute to Bank's long-term business success, albeit indirectly

MATERIALITY CRITERIA

An issue is material to **uab** if it

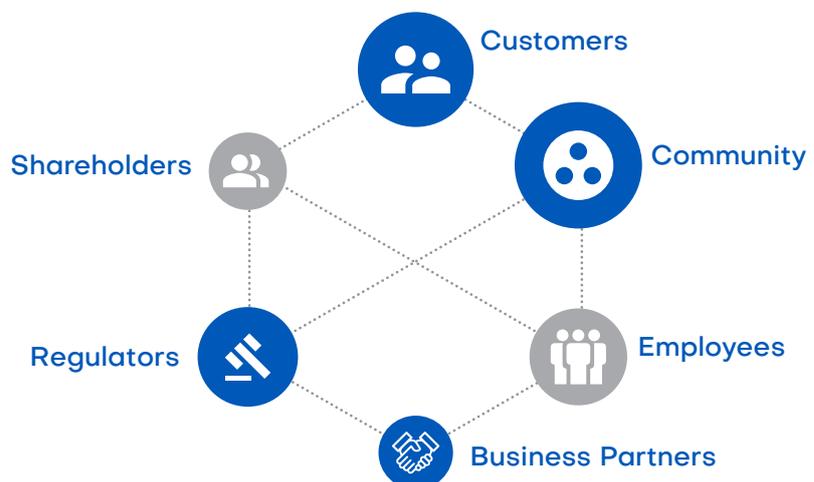
meets two conditions.

- It impacts our business in terms of growth, cost, risk or trust
- It is important to our stakeholders such as customers, employees, Governments, investors, NGOs and business partners

In determining if an issue is material, we also consider whether it is aligned with our Purpose and Mission, brand portfolio and geographical footprint and the degree to which we can affect change.

STAKEHOLDER ENGAGEMENT

We engaged various stakeholders to understand specific Sustainability issues relevant to them.



APPROACH WE USED FOR MATERIALITY ASSESSMENT

The importance of continuous dialogue with stakeholders increases for any organisation aiming to be responsible and sustainable. We value open dialogue with stakeholders even if expectations and interest of our stakeholders sometimes are in conflict. We try to resolve the differences fairly and win the acceptance of our actions. We engaged with stakeholder throughout 2019.

The materiality analysis is based on a continuous process that include consideration, if not compliance to, international CSR Standards. Following factors were considered while identifying material issues:

- Their importance to key stakeholders
- Alignment to our Mission
- Their CSR materiality (environmental, economic and social impact of issues)
- Their legal risks, if any
- Their impact on Bank’s reputation

- Their possible impact on business performance

The issues identified were placed on a matrix (see below), their position relative to the degree of stakeholder interest and potential business impact. These results represent the material issues facing our business. It shall be noted that all issues on the matrix regardless of where they fall are relevant to the Bank.

For clarity, we grouped issues as Governance, Environment,

Society, or People.

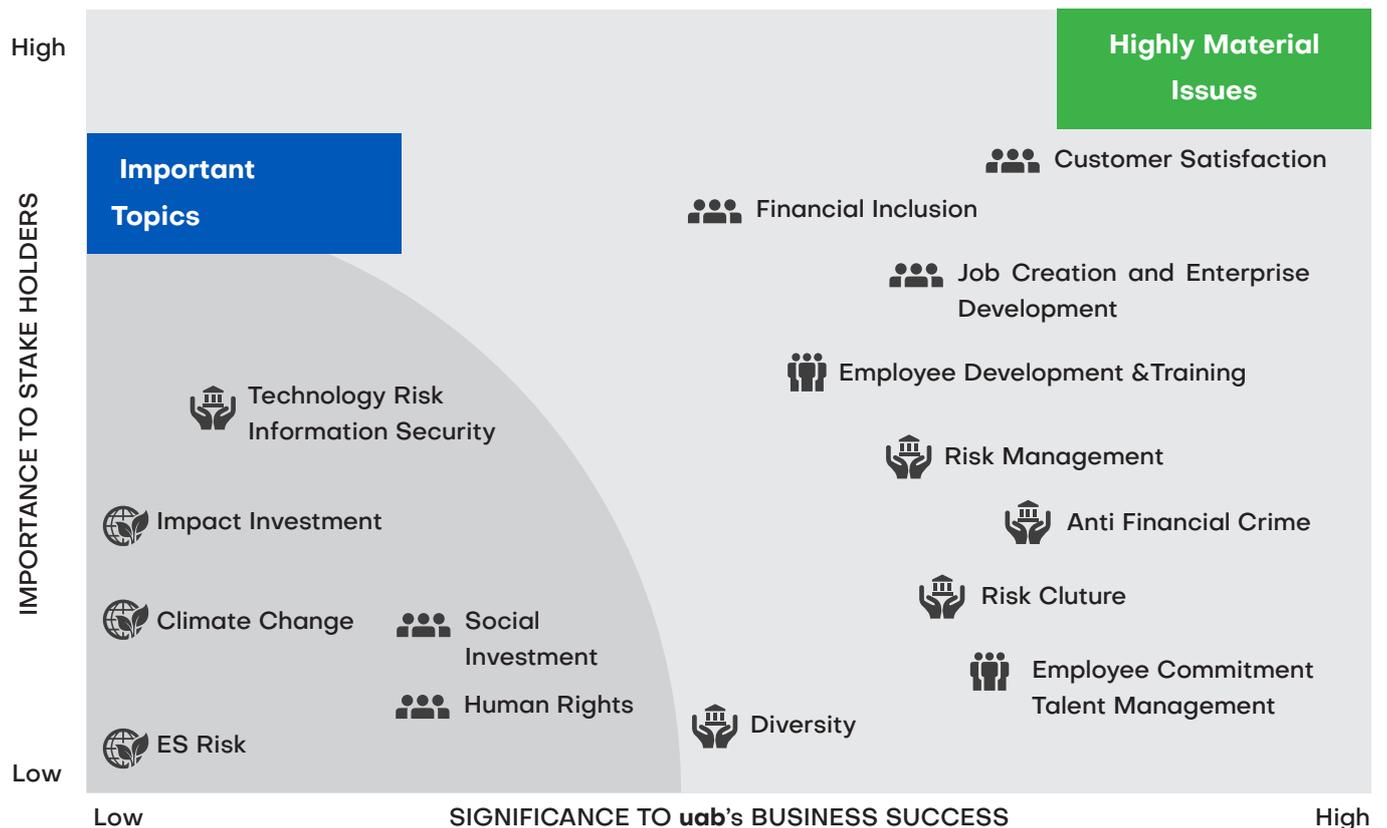
GOVERNANCE

Diversity: Includes efforts to improve diversity of Board, Management Committee and employees .

Risk Management and Risk Culture: This includes uab’s overall approach to assessing and managing risk across the business and individual business units, products, services and transactions.

Technology Risk and Informa-

MATERIALITY MATRIX



Sustainability Statement

Information Security: This means keeping the information with us safe from external unwarranted intrusions.

Anti Financial Crime: This means Bank's measures on anti-money laundering and counter financing of terrorism.

SOCIETY

Financial Inclusion: This includes development and increased access to financial products and services, for unbanked and underbanked segments.

Human Rights: This includes Bank's approach to human rights issues.

Social Investment: This includes building stronger and inclusive communities.

Customer Satisfaction: This includes Bank's approach towards grievances redressal, measurement of customer satisfaction.

SME Financing and Job Creation: This includes provisioning of financing to Small and Medium Enterprises and its consequent impact on job creation for the local economies.

ENVIRONMENT

Impact Investment: This includes investment into sectors and industries that contribute/assist in Sustainable Development Goals.

Climate Change: This includes financing of clean and renewable energy projects.

ES Risks: This includes integration of Environmental, Social and Governance factors into lending activity including creation of exclusion list.

PEOPLE

Employee Commitment and Talent Management: This includes ability of the Bank to attract and retain top talent and increase employee satisfaction in doing so.

Employee Training: This includes communication and training to employees on ESG issues.

MANAGEMENT APPROACH TO SUSTAINABILITY

The Bank has identified four impact areas based on materiality assessment by looking at the convergence between our core

business as a financial service provider, and the needs of people and business in Myanmar. The impact areas are:

- Financial Inclusion
- Job Creation and Enterprise Development
- Employee Development and Training
- Customer Satisfaction

We understand that our long-term success is dependent upon stability and well-being of Myanmar. Our approach to sustainability is founded on a broad understanding of our duties as a financial services provider and our responsibilities towards society and the environment, as well as our role as employer. Our values of Connect, Create and Change also overlap with Sustainable Development Goals and on this basis, we have identified three (3) main longer term approaches or themes towards sustainability namely:

- Responsible Banking
- Responsible Financing
- Responsible Corporate Citizenship

It is our corporate responsibility to build and grow a sustainable environment in which everyone

prospers. It is in this environment of inclusiveness and connection with our stakeholders that we are best able to grow our own business and work towards our vision to be a leading bank in Myanmar.

Responsible Banking

Under this theme, we expound and evaluate on the four impact areas identified in our materiality assessment as below:

FINANCIAL INCLUSION

In Financial Year 2018-2019, Bank provided 39 people with new housing loan so that they have their place to live. We understand that accessible and convenient digital channels are essential to broaden and deepen financial inclusion across Myanmar. To this effect, we recently launched mobile banking and internet banking. Even more, we are currently involved in a development of a product which will help customer to open and operate an account from his/her fingertips.

JOB CREATION AND ENTERPRISE DEVELOPMENT

We work with 844 SMEs to develop their enterprises, pro-

viding them access to finance (investment of more than MMK 74 bil) and ability to tap into the new markets.

Further, we are continuously developing financial products, which matches their requirements, including solutions to deal with cash flow and working capital challenges.

CUSTOMER SATISFACTION

Our success depends upon the trust of all our stakeholders. We seek to conduct our business in a fair and responsible way, *Humanising Banking* by offering our customers a fair deal in terms of pricing and quality of service for our products. The emphasis on sustainable growth and giving back to the stakeholders will continue to be important consideration moving forward as well.

The importance of being trans-

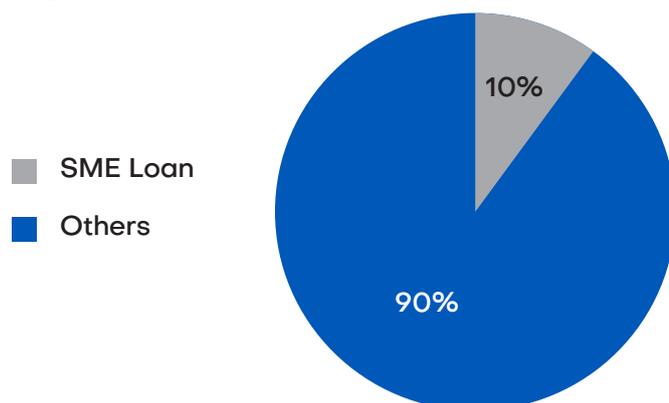
parent in reporting financial and non-financial issues is pivotal in earning trust. We are committed to issue GRI Index-Core Option and SASB Index in 2020 as a part of proactive approach for non-financial disclosure in Myanmar.

EMPLOYEE DEVELOPMENT AND TRAINING

People are at the core of uab bank and continued investment in our employees is a key priority. We are committed to creating a sustainable environment for them to express and develop their full potential professionally and personally. Our objective is to offer our employees working conditions that allows them to fulfill their individual aspirations by rising to the challenges.

Offering motivating working conditions: We understand that employees need a goal that

Percentage of SME Loan to Total Loan Portfolio



Sustainability Statement

gives meaning to their actions. To this, our employees supported by Management and their HR Partner, have the opportunities to develop professionally throughout their career with the Bank. Through constant job rotations, our employees can also expect to perfect and expand their financial services knowledge. We encourage continuous learning and development to ensure our people are equipped to meet the demands of rapidly changing, increasingly digital and increasing regulatory requirements. Bank provided training to 985 employees totaling 9,106 manhours of training, which was directed towards increasing employee professional competency.

As part of the uab Tower @ Times City development, a Training School has been established on Level 23 of the Tower with a capacity to conduct training up to 250 people simultaneously.

We understand the importance of diverse workforce in success of the Bank. Every employee in the Bank has equal opportunity to grow irrespective of origin, gender, age, disability, sexual orientation, gender identity,

or affiliation with political, religious, union, organisation or minority group. This is our vision of diversity, which is an asset to our Bank and preserving and promoting it is another part of being a responsible employer. In Financial Year 2018-2019, 435 staffs were promoted, of which 273 staffs were female. We also provided employment opportunities to 232 people and internship opportunities to 8 people in the last financial year.

With regards to human rights, we respect and promote human rights as described in the United Nations Declaration of Human Rights. Further, we respect and promote labour standards as described in the International Labour Organisation Declaration on Fundamental Principles and Rights at Work and related conventions.

Responsible Financing

We are committed to responsible financing and non-financial factors are also taken into consideration. At uab, in the conduct of credit approvals and financing, all Credit Committees that conduct a review of

the uab's customers and transactions are required to ensure sustainability of projects as a process of approval and review. These are specific areas of concern:

ENVIRONMENT

Our customers are expected to know and take into account the potential impact of their activities on the environment and seek to avoid or, when avoidance is not possible, minimise these impacts. In larger companies that seek financing from the Bank for specific projects, they are expected to have appropriate policies and programs for these projects to prevent and mitigate adverse impact to the environment.

An exclusion list has been established which defines sectors or types of customers that do not fit into uab bank's profile. We will not facilitate financing to entities engaged in the activities listed below.

- Production, trading and maintenance of weapons and munitions of any kind.
- Trade in or unauthorized catching of wildlife or wildlife products
- Production or trade in any

product or activity deemed illegal under Myanmar laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances.

- Hunting marine mammals and shark finning
- Using of dynamite and poison in fishery practices
- Activities involving harmful or exploitative forms of forced labor or harmful child labour
- Activities involving people smuggling of any kind

HUMAN RIGHTS

All customers are expected to respect and promote human rights as described in the United Nations Declaration of Human Rights in their business decisions and are expected to use their influence with their suppliers to do the same. For unavoidable adverse impacts, they are expected to provide for and cooperate in remediation through legitimate processes.

LABOUR STANDARDS

All Customers are expected to respect and promote labour

standards as described in the International Labour Organization Declaration on Fundamental Principles and Rights at Work and related conventions.

They are expected to do so in their own operations, and to use their influence with their suppliers to do the same. For unavoidable adverse impacts, they are expected to provide for and cooperate in remediation through legitimate processes.

Responsible Corporate Citizenship

We define corporate citizenship as an approach to business through which we work to make a positive impact on society, the environment and the economy.

We believe that corporate citizenship is about integrity, business ethics and responsible governance. It all starts with a commitment to conducting ourselves with integrity, in every action, every transaction and every part of our business, being transparent and accountable, and contributing to the well-being of our stakeholders.

We are committed to making economic contributions to our community through paying our fair share in taxes together with the compulsory deduction of taxes from our employees. We contributed MMK 4.3billion to tax coffers of Myanmar as Commercial Tax for Financial Year 2018-2019.

In order to enlarge our influence on sustainability, we seek to ensure that our supply chain, including vendors and contractors conduct their businesses in a similarly responsible fashion.

Similarly, we recognise that there are situations where the way our customers conduct their operations may generate significant environmental and social impact and, in such cases, we try to leverage our influence on them to mitigate and manage risk.

Further, we have taken a proactive step to manage ESG risk in lending activity by signing a Memorandum of Understanding with WWF to develop and implement Environmental, Social and Governance Policy.

Sustainability Statement

OUR POSITION AND RESPONSE ON OTHER AREAS OF CONCERN

Governance

The nature of our business relies on the stakeholders' trust and any violation of that undermines public confidence in us, which has a direct impact on the business. Therefore, we place utmost importance on ethics and integrity. An essential part of our corporate and sustainability governance approach is the establishment of policies that institutionalise certain values we hold true.

uab is committed to applying high standards of honesty and integrity consistently across our operations and our business dealings. We operate according to our corporate values and are committed to preventing corruption and bribery in all its forms and do not tolerate it in our business or in those with

whom we do business.

We highlight below some of the key governance policies, procedures and guidelines of the Bank.

Our Code of Ethics and Anti-Bribery and Corruption Policy has been adopted to reinforce Bank's stance. Policy and Code cover all stakeholders including but not limited to, employees, interns, members of the Board of Directors and all vendors and contractors. Together with

this a Gift Guideline has been issued to employees to restrict the receipt of any gift for their services in the Bank. While accepting or giving gifts we follow 5 principles and they are:

- It is for a proper purpose
- Permitted by law
- Permitted by our policies
- Permitted by recipients' policies and
- Reasonable in value and appropriate in circumstances

To note, uab is accorded



 <p>Code of Ethics</p>	 <p>Whistle blowing Policy</p>	 <p>Anti-Bribery and Corruption Policy</p>	 <p>Anti-Money Laundering Policy</p>	 <p>Corporate Governance Framework & Policy</p>	 <p>Gift Guidelines</p>
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#1 amongst all banks in term of Corporate Governance in the Pwint Thit Sa Report 2019 by Myanmar Centre for Responsible Business.

Financial Performance

The Bank maintained a strong track record from last year's performance, ensuring a strong

foundation and continued ability to care for our employees, stakeholders' interests, suppliers and business partners, and the communities that we serve.

Digitalisation & Investment in Technology

At **uab**, digital represents not just a key driver for enterprise-wide

business transformation to build our future competitiveness and growth, but also plays an enabling role in delivering added value to our stakeholders and uphold our principle of *Humanising Banking* as well as financial inclusion.

Digitalisation and Investment in Technology adds to our effort to make our community financially inclusive.



uab Mobile

A superior and secure mobile banking experience, with continuous enhancement like Biometric Log-In, Mobile Top-Up, Bill Payment and many more.

uab Visa Prepaid Card

Simple and convenient to use even if you do not have a Bank account, i.e. a cashless wallet in hand, anytime, anywhere.



Sustainability Statement



uab-UPI Contactless

#1 bank in Myanmar that provides UPI Quick Pass acceptance services, encouraging digital economy.

Cashless Campus

Offering almost a complete cashless solution to the “campus community”, i.e. students, teachers, parents, vendors and the entire ecosystem.



Financial Inclusion

Facilitate and provide access to suitable, affordable, and quality financial services by improving access to banking.

uab is the only private PFI that exceeded the target for JICA SME 2-Step Loan Program (funding to SMEs at lower interest rates) in

2018/2019. We will continue to provide support to this Program to fuel the growth of SME in Myanmar.

uab ran various platforms and campaigns to encourage banking, e.g. ATM withdrawal fee waiver @ more rural areas in Upper & Lower Myanmar etc.



Savings Culture

uab believe in savings culture where resources are set aside for a sustainable future for our children and building a better Myanmar. We launched many savings products with attractive rates to encourage the culture.

Online Home Loan Application and Home Loan Calculator

Loan eligibility calculator and initial application at your fingertips.



Service Excellence

uab, a trusted partner in helping customers and businesses with complete solutions and excellent services. Customer-centricity is an ongoing journey and, we aim to continuously strengthen our culture to deliver better value and services.

Sustainability Statement



Procurement

We monitor and manage our own operations as well as our suppliers to better manage the impact we have directly and indirectly through our value chain. We support local suppliers by sourcing locally.

Resource Optimisation

As a bank with extensive reach, we embrace our role as a responsible consumer and corporate citizen, committed to manage our environmental footprint through resource and operational efficiencies.

uab Tower @ Times City

- Cloud-based storage vs the conventional way of paper-based storage.
- Electronic submission for approvals at Head Office including credit proposals,
- budgets and leave applications.
- Centralised printing and e-fax to minimize wastage.
- Softphones, wifi, wireless connections to projectors etc to reduce carbon foot-
- print.
- Controlled temperature for air-conditioning to lessen global warming.
- Good practice of switching off lights and eco-friendly toilet flush.





uab bank's branches

Continuous reengineering at the branches, resulting in close to 50 forms being merged and thus, reducing redundancy and cost.

Business Ventures

- Strategic cooperation with GRG Banking Equipment, to develop digital banking and re-engineering of our processes to go green



Be The Change Myanmar



The program which is in its 3rd year of running, driving uab's community engagement and

development initiatives, focusing on the underserved and underprivileged members of the

community with particular focus on children, youth and women.

Sustainability Statement



Main sponsorship for Thet Htar Thuzar, the female badminton champion of Myanmar in her preparation for the Tokyo Olympics 2020

“A model of grit and perseverance to the young people of Myanmar”

Main sponsorship for Myanmar Contingent to the 46th Southeast Asian and Japanese Youth Program (SSEAYP)

“Youth power, the driving force for tomorrow’s leaders of Myanmar”



Donations in cash, beds, computers, mosquitoes net, lunch, dinner and Spend A Day with the less fortunate @ Kye Myin Daing Blind House and Ka Wae Chan Blind House

“We light up your life”

Sustainability Statement



Gifts for several hundred of disadvantaged children

“This country will not be a good place for any of us to live in unless we make it a good place for all of us to live in”



Corporate Information

Corporate Information





Corporate Information

Board of Directors

- **Ne Aung**
Non-Executive Chairman
- **Khin Moe Nyunt**
Non-Executive Director
- **Sein Win**
Non-Executive Director
- **Than Win Swe**
Non-Executive Director
- **Thant Zin**
Non-Executive Director
- **Hnin Hnin Aung**
Non-Executive Director
- **Christopher Loh**
Managing Director
& CEO



Board Advisory & Strategy Committee

- Ne Aung (Chairman)
- Than Win Swe
- Thant Zin
- Hnin Hnin Aung
- Christopher Loh

Board Risk Committee

- Than Win Swe (Chairman)
- Sein Win
- Thant Zin
- Hnin Hnin Aung
- Christopher Loh



Board Nomination & Remuneration Committee

- Sein Win (Chairman)
- Than Win Swe
- Hnin Hnin Aung

Board Audit Committee

- Sein Win (Chairman)
- Than Win Swe
- Hnin Hnin Aung

Board Credit Committee

- Thant Zin (Chairman)
- Than Win Swe
- Hnin Hnin Aung



Head Office

Level 21, uab Tower @
Times City, Kyun Taw Road,
Kamayut Township,
Yangon.
(Company No: 189354002)

Phone : +95 1 470 7000
Website : www.uab.com.mm

Auditor

V Advisory Limited
Building 14, Room # 306,
MICT Park,
University of Yangon
Hlaing Campus, Yangon.

Phone: +95 9 79 5155 155
Email: info@v-advisory.com.mm

Senior Management

Christopher Loh

MD/CEO

Head, Retail Banking

Htun Htun Oo

Head, Finance

George Koshy

Head, Risk & Compliance

Acting Head, Human Resources

Nay Win Maung

Head, Branch Operations

Kyawt Kay Khaing

Deputy CEO

CEO, uab securities

Mahesh Bhandari

Head, Treasury & FI

Mathew Koottplackil

Head, Credit Management

Than Sein

Head, Technology

Thandar Htike

Head, Corporate Banking



Annual Report

2019 Content



10 | Financial Statement

- Directors' Report
- Independent Auditors' Report
- Statement of Financial Position
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to the Financial Statements

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Financial Statement

Directors' Report

The Board of Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Bank for the financial year ended 30 September 2019.

Principal Activities

The Bank is principally engaged in commercial banking, investment banking and its related financial services.

The subsidiary is principally engaged in the businesses of securities trading and investment banking including merger and acquisition advisory, equity capital raising through initial public offering ("IPO") and corporate advisory services.

There were no significant changes in the nature of the principal activities during the financial year.

Results

	Group (MMK'mil)	Bank (MMK'mil)
Profit Before Tax	19,451	18,124
Taxation	(4,821)	(4,489)
Profit After Tax for the Period (Attributable to Equity Holders)*	14,058	13,635
Retained Earnings (Brought Forward)	(4,125)	(4,307)
Adjustments;		
- Transferred to Statutory Reserve (25%)	(3,409)	(3,409)
- Transferred to General Loan Loss Reserve	-	-
- Prior Year Dividend Paid Out	-	-
- Prior Year Adjustments	78	87
Retained Earnings (Carried Forward)	6,602	6,006

**Excluding Non-controlling Interest*

There were no material transfers to or from reserves, allowances or provisions during the financial year other than those as disclosed in the statement of changes in equity to the financial statements.

In the opinion of the Board of Directors, the results of the operations of the Group and of the Bank during the current financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Issuance of Shares

During the financial year, the Bank has no issuance of paid-up capital in addition.

Share Option Scheme

As at the date of this report, there was no share option of the Group and of the Bank outstanding and available for issue under the Share Option Scheme.

Directors

The Directors who served since the date of the last report are:

- Ne Aung (Non-Executive Chairman)
- Khin Moe Nyunt (Non-Executive Director)
- Than Win Swe (Non-Executive Director)
- Sein Win (Non-Executive Senior Independent Director)
- Thant Zin (Non-Executive Director)
- Hnin Hnin Aung (Non-Executive Director)
- Christopher Loh (MD & Chief Executive Officer)

Directors' Interest

According to the register of directors' shareholdings, Directors in office had no interest at the end of financial year in shares of the Group and of the Bank, except as follows:

Directors' Interest	No. of Share	Share Each (MMK)	Share Value (MMK mil)
Ne Aung	97,200	500,000	48,600
Khin Moe Nyunt	10,800	500,000	5,400
Total	108,000		54,000

Business Outlook

At uab bank Ltd, the key priorities for 2020 include revenue growth across all segments specifically through our greater reach to the Retail and SME segments, focus on attaining cheaper and more diversified funding sources, growing our loan portfolio within our risk appetite, while proactively managing our asset quality. The Group and the Bank is also prepared and ready for the adoption of IFRS in 2019-20 and will continue to keep its capital and liquidity positions strong.

Barring any unforeseen circumstances, the Group and the Bank are optimistic and confident of achieving its financial targets, on the back of the expected economic growth of Myanmar.

Other Statutory Information

(a) Before the statements of financial position and income statements of the Group and of the Bank were made out, the Directors took reasonable steps:

- to ascertain that proper action had been taken in relation to the writing off of bad debts and making allowances for doubtful debts and satisfied themselves that all known bad debts had been written-off and that adequate allowances had been made for doubtful debts; and to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which

Directors' Report

they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

- the amount of the allowances for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent; and
- the values attributed to current assets in the financial statements of the Group and of the Bank misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Bank which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

- any charge on the assets of the Group and of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
- any contingent liability of the Group and of the Bank which has arisen since the end of the financial year other than those arising in the normal course of the business of the Group and of the Bank.

(f) In the opinion of the Directors:

- no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which will or may affect the liability of the Group and of the Bank to meet their obligations as and when they fall due; and
- no item or transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Bank for the financial year in which this report is made.

Significant and Subsequent Events

There are no significant adjusting events after the statements of financial position date up to the date when financial statements are authorised for issuance.

Auditor

The Audit Committee has re-appointed V Advisory Limited as auditor of the Group and of the Bank. V Advisory Limited has expressed its willingness to be re-appointed.

On behalf of the Board of Directors in accordance with a resolution of the Directors dated 27 December 2019.

Than Win Swe
Director

Sein Win
Director

Christopher Loh
MD & Chief Executive Officer

Independent Auditor's Report

Opinion

We have audited the consolidated financial statements of uab bank Limited (The Group), which comprise the statement of financial position as at 30 September 2019, and the statements of comprehensive income, changes in equity and cash flows for the year ended 30 September 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of uab bank Limited are properly drawn up so as to give a true and fair view of the financial position of the Group as at 30 September 2019, and its performance, its changes in equity and its cash flows for the year then ended, in accordance with Myanmar Financial Reporting Standards (MFRSs).

Basis for opinion

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

Key audit matters

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

Other information

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

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

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

In preparing the financial statements, Management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible

for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not guarantee that an audit conducted in accordance with MSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statement. As part of an audit in accordance with MSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

In accordance with Section 89(a) of the Financial Institutions Law 2016, we report that:

- (i) whether in their opinion the balance sheet and profit and loss account are full and fair and properly drawn up;
- (ii) whether they exhibit a true and correct statement of affairs of the bank;
- (iii) whether the information obtained from the officers or agents of such bank is satisfactory;
- (iv) such other relevant matters as may be prescribed by the Central Bank.

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

- (i) We have obtained all the information and explanations we have required
- (ii) The financial statements referred to in the report are drawn up in conformity with applicable law:
- (iii) The financial statements exhibit a true and fair view of the state of the Group's affair according to the best of our information and the explanations given to us, as shown by the books of the group and
- (iv) The financial records have been kept by the group as required by section 257 (a) & 258 (a) of the Myanmar Companies Law 2017.

27 December 2019
Yangon, Myanmar

Win Htut Aung
Certified Public Accountant
PPA Registered No. 66
V Advisory Limited
Bldg 14, # 306, MICT Park
University of Yangon – Hlaing Campus

Consolidated Statement of Financial Position

as at 30 September 2019

	Notes	The Group		The Bank	
		2019	2018	2019	2018
		MMK'000	MMK'000	MMK'000	MMK'000
Assets					
Cash & cash equivalents	8	173,216,911	158,352,118	173,209,957	158,337,352
Loan and advances	9	746,133,055	663,064,873	734,133,055	651,064,873
Investment securities	10	182,300,000	147,300,000	186,664,000	151,664,000
Property, plant & equipment	11	48,906,673	51,771,067	48,898,005	51,759,493
Investment properties	12	947,700	-	947,700	-
Intangible assets	13	966,745	1,144,302	694,524	790,661
Deferred tax assets	14	612,471	-	612,471	-
Other assets	15	45,042,029	34,262,907	43,126,369	33,592,594
Total Assets		1,198,125,585	1,055,895,267	1,188,286,081	1,047,208,972
Liabilities					
Deposits and placements of banks	16	6,972,023	3,927,345	6,972,023	3,927,345
Deposits from customers	17	1,008,371,946	909,565,056	1,009,485,773	910,747,125
Borrowings	18	48,090,291	39,825,500	48,090,291	39,825,500
Other liabilities	19	42,569,934	27,600,550	42,040,181	27,183,468
Total Liabilities		1,106,004,194	980,918,451	1,106,588,267	981,683,438
Equity					
Share capital	20	54,000,000	54,000,000	54,000,000	54,000,000
Reserves	21	21,691,265	15,832,590	21,691,265	15,832,590
Retained earnings		6,602,301	(4,124,970)	6,006,549	(4,307,056)
Equity Attributable to Shareholders of the Bank		82,293,566	65,707,620	81,697,814	65,525,534
Non-controlling Interest	34	9,827,825	9,269,196	-	-
Total Equity		92,121,392	74,976,816	81,697,814	65,525,534
Total Equity and Liabilities		1,198,125,585	1,055,895,267	1,188,286,081	1,047,208,972
Off-Balance Sheet					
Performance Guarantee	22	45,593,555	34,021,966	45,593,555	34,021,966
Contingent Liabilities		35,583,640	56,096,631	35,583,640	56,096,631
Commitment		52,543,300	64,186,284	52,543,300	64,186,284

See accompanying notes to the financial statements

Authenticated by Directors:

Than Win Swe
Director

Sein Win
Director

Christopher Loh
MD & Chief Executive Officer

Htun Htun Oo
Finance Director

Consolidated Statement of Comprehensive Income

for the Year Ended 30 September 2019



	Notes	The Group		The Bank	
		2019 MMK'000	2018 MMK'000	2019 MMK'000	2018 MMK'000
Interest income	23	106,417,652	92,834,767	104,838,846	91,362,843
Interest expense	24	(71,276,745)	(67,694,163)	(71,331,852)	(67,740,762)
Net Interest Income		35,140,907	25,140,604	33,506,994	23,622,081
Fee and commission income	25	7,054,774	6,520,525	6,904,977	6,475,924
Other income	26	6,543,743	4,632,745	6,542,468	4,635,685
Operating Income		48,739,424	36,293,874	46,954,439	34,733,690
General and administrative expenses	27	(3,406,037)	(3,751,820)	(3,124,034)	(3,420,329)
Personnel expenses	28	(16,776,824)	(16,479,707)	(16,694,403)	(16,281,213)
Operating lease expenses	29	(1,873,106)	(1,593,758)	(1,863,750)	(1,572,407)
Depreciation & amortisation		(2,387,163)	(2,707,875)	(2,302,838)	(2,507,432)
Other expenses	30	(181,692)	(724,400)	(181,692)	(724,400)
Operating Expenses		(24,624,822)	(25,257,561)	(24,166,716)	(24,505,783)
Operating Profit Before Allowance		24,114,602	11,036,312	22,787,723	10,227,907
Less: Allowance for credit and other losses	31	(4,663,561)	(1,157,759)	(4,663,561)	(1,157,759)
Net Profit Before Tax		19,451,041	9,878,553	18,124,162	9,070,148
Taxation	32	(4,820,723)	(2,471,442)	(4,489,004)	(2,269,341)
Net Profit After Tax		14,630,318	7,407,111	13,635,159	6,800,807
Other comprehensive income		-	-	-	-
Total Comprehensive Income for the Year		14,630,318	7,407,111	13,635,159	6,800,807
Profit for the year attributable to:					
- Shareholders of the Bank		14,057,763	7,066,214	13,635,159	6,800,807
- Non-controlling Interest		572,554	340,898	-	-
		14,630,318	7,407,111	13,635,159	6,800,807

See accompanying notes to the financial statements

Authenticated by Directors:

Than Win Swe
Director

Sein Win
Director

Christopher Loh
MD & Chief Executive Officer

Htun Htun Oo
Finance Director

Consolidated Statement of Changes in Equity

for the Year Ended 30 September 2019

The Group

	Attributable to equity holders of the Bank						Non-controlling Interests	Total Equity
	Share Capital	Statutory Reserve	General Loan Loss Reserve	Retained Earnings	Total			
	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000		
Balance at 1 October 2018	54,000,000	4,030,124	11,802,466	(4,124,970)	65,707,620	9,269,196	74,976,816	
Issued shares	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	14,057,763	14,057,763	572,554	14,630,318	
Transfer to Reserves	-	3,408,790	2,449,885	(3,408,790)	2,449,885	-	2,449,885	
Prior year adjustment	-	-	-	78,298	78,298	(13,925)	64,373	
Dividends	-	-	-	-	-	-	-	
Balance at 30 September 2019	54,000,000	7,438,914	14,252,351	6,602,301	82,293,566	9,827,825	92,121,392	
Balance at 1 October 2017	44,000,000	2,338,451	10,616,683	(7,698,241)	49,256,893	8,958,748	58,215,641	
Issued shares	10,000,000	-	-	-	10,000,000	-	10,000,000	
Total comprehensive income for the year	-	-	-	7,066,214	7,066,214	340,898	7,407,111	
Transfer to Reserves	-	1,691,672	1,185,783	(2,877,455)	-	-	-	
Prior year adjustment	-	-	-	(615,487)	(615,487)	(30,450)	(645,937)	
Dividends	-	-	-	-	-	-	-	
Balance at 30 September 2018	54,000,000	4,030,124	11,802,466	(4,124,970)	65,707,620	9,269,196	74,976,816	

Consolidated Statement of Changes in Equity

for the Year Ended 30 September 2019



The Bank

	Share Capital	Statutory Reserve	General Loan Loss Reserve	Retained Earnings	Total
	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
Balance at 1 October 2018	54,000,000	4,030,124	11,802,466	(4,307,056)	65,525,534
Issued shares	-	-	-	-	-
Total comprehensive income for the year	-	-	-	13,635,159	13,635,159
Transfer to Reserves	-	3,408,790	2,449,885	(3,408,790)	2,449,885
Prior year adjustment	-	-	-	87,236	87,236
Dividends	-	-	-	-	-
Balance at 30 September 2019	54,000,000	7,438,914	14,252,351	6,006,549	81,697,814
Balance at 1 October 2017	44,000,000	2,338,451	10,616,683	(7,634,465)	49,320,669
Issued shares	10,000,000	-	-	-	10,000,000
Total comprehensive income for the year	-	-	-	6,800,807	6,800,807
Transfer to Reserves	-	1,691,672	1,185,783	(2,877,455)	-
Prior year adjustment	-	-	-	(595,943)	(595,943)
Dividends	-	-	-	-	-
Balance at 30 September 2018	54,000,000	4,030,124	11,802,466	(4,307,056)	65,525,534

Authenticated by Directors:

Than Win Swe
Director

Sein Win
Director

Christopher Loh
MD & Chief Executive Officer

Htun Htun Oo
Finance Director

Consolidated Statement of Cash Flow

for the Year Ended 30 September 2019

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Cashflows from Operating Activities				
Profit Before Tax	19,451,041	9,878,553	18,124,162	9,070,148
Adjustment				
-Prior year adjustment	64,373	(645,937)	87,236	(595,943)
-Depreciation & amortisation expense	2,387,163	2,707,875	2,302,838	2,507,432
-Impairment on loan	3,708,185	257,902	3,708,185	257,902
-Net gain on disposal of fixed assets	(279,760)	-	(279,760)	-
Changes in				
-Loan and advances	(84,326,482)	(95,391,790)	(84,326,482)	(95,391,790)
-Other assets	(8,001,231)	(16,905,286)	(7,055,884)	(16,831,565)
-Deposit from customers	100,669,499	49,719,945	101,783,326	50,902,014
-Other liabilities	10,148,661	8,789,362	10,367,709	8,612,096
	43,821,450	(41,589,376)	44,711,331	(41,469,706)
Income tax paid	(3,390,363)	(115,500)	(3,090,363)	-
Net cash from (used in) operating activities	40,431,087	(41,704,876)	41,620,968	(41,469,706)
Cashflows from investing activities				
Acquisition of property, plant & equipment	(630,386)	(11,380,847)	(630,386)	(11,219,639)
Disposal of fixed assets	617,233	-	617,233	-
Purchase of Government Treasury Bonds	(35,000,000)	(45,670,000)	(35,000,000)	(44,170,000)
Net cash used in investing activities	(35,013,153)	(57,050,847)	(35,013,153)	(55,389,639)
Cashflows from financing activities				
Issue of Share Capital	-	10,000,000	-	10,000,000
Borrowings/Repayment of loan	8,264,791	33,025,500	8,264,791	33,025,500
Net cash from financing activities	8,264,791	43,025,500	8,264,791	43,025,500
Net increase/(decrease) in cash and cash equivalents	13,682,724	(55,730,222)	14,872,605	(53,833,845)
Cash and cash equivalents at beginning of the year	159,534,187	214,082,340	158,337,352	212,171,197
Cash and cash equivalents at end of the year	173,216,911	158,352,118	173,209,957	158,337,352

Authenticated by Directors:

Than Win Swe
Director

Sein Win
Director

Christopher Loh
MD & Chief Executive Officer

Htun Htun Oo
Finance Director

Notes to the Financial Statements

for the Year Ended 30 September 2019



1 General

uab bank Limited (the Bank) is a Private Bank Limited incorporated and domiciled in Myanmar and has its registered office at No(3), Bank Development Zone, Corner of Kyaing Tone Road and Mawlamyine Road, OaktayaThiri Township, Nay Pyi Taw, Myanmar. The Directorate of Investment and Company Administration (DICA) has issued incorporation certificate to uab bank Limited on 14 June 2010 as per Registration No.390/2010-2011 under The Myanmar Companies Act. The Bank has renewed its incorporation certificate on 25 May 2015 valid five years through 13 June 2020. The Bank was permitted to carry out banking business under Licence No. MaVa-Ba/PaBa(R) 14/8/2016 issued by the Central Bank of Myanmar (CBM) on 24 August 2016 under Section 10(a) of Financial Institutions Law, 2016. The principal activities of the Bank are to carry out the commercial banking business and other financial services subject to the approval of the CBM. On 25 November 2011, the Bank was granted an Authorised Dealer Licence No. CBM, FEMD (78/2011) to carry out banking business in foreign currencies. The Bank is currently operating with Seventy Eight (78) branches in total in wide spread locations in Myanmar.

2 Summary of Significant Accounting Policies

2.1 Accounting Period

The accounting period is from 1 October 2018 to 30 September 2019. Balances as of 30 September 2018 and transactions occurred for the period from 1 October 2017 to 30 September 2018 in this report are for purpose of comparison only.

2.2 Opening Balances

Opening Balances as at 1 October 2018 are carried forward from the financial statements for the financial period ended 30 September 2018, audited by V Advisory Limited (Certified Public Accountants).

2.3 Basis of Accounting

The accompanying financial statements have been prepared in accordance with Myanmar Financial Reporting Standards (MFRS) and instructions and guidance provided by the Central Bank of Myanmar (CBM). They are 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.

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.

Notes to the Financial Statements

for the Year Ended 30 September 2019

In addition, for financial reporting purpose 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.

2.4 Financial Assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investment, 'available-for-sale' ("AFS") financial assets and 'loan and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction cost, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

2.4.1 Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (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 debt instrument, or, where appropriate, a shorter year, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

2.4.2 Loans and Receivables

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

2.4.3 Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting year. 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 all other financial assets, objective evidence of impairment could include:

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

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

Credit Quality

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

Notes to the Financial Statements

for the Year Ended 30 September 2019

(i) Performing Loans

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

(ii) Non-performing Loans

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

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

Loss grades indicate the amount of loan recovery is assessed to be insignificant. As per the CBM's instruction, all loans with repayments over 180 days past due are classified as "Loss". In determining if the loan is non-performing, Management also considers several factors such as expected future cash flows, the financial ability of the borrower to meet its obligations, and business and economic conditions.

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 recognised.

2.4.4 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.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Bank retains an option to repurchase part of a transferred asset), the Bank allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.5 Financial Liabilities

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

2.5.1 Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured 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 and 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 net carrying amount on initial recognition.

2.5.2 Financial Guarantee Contracts

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 contracts issued by the Bank are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with MAS 37; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Notes to the Financial Statements

for the Year Ended 30 September 2019

2.5.3 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.

2.6 Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance 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 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.

2.7 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 cost or valuation of assets (Other than freehold land and properties under construction) less their residual values over their useful life, using the straight-line method. The estimated useful lives, residual value 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	40 years
· Leasehold improvements	Over period of lease
· Office machine and other equipment	10 years
· Furniture, fixtures and fittings	20 years
· Electrical equipment and computer accessories	5 years
· Motor vehicles	8 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.

2.8 Intangible Assets

Intangible assets are identifiable non-monetary assets such as software licences and rights without physical substance. They are recognised only if it is probable that the asset will generate future benefit for the entity. Those asset with an indefinite useful life are tested for impairment annually. All intangible assets must be tested for impairment when there is an indication that its carrying amount may be greater than its recoverable amount. Intangible assets with finite useful life are amortised on straight line basis over their estimated useful life and charged to income statement.

2.9 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, cash at banks and deposits with financial institutions and Central Bank of Myanmar which are subject to an insignificant risk of change in value.

2.10 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 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.

Notes to the Financial Statements

for the Year Ended 30 September 2019

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 its 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 asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.11 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, its 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.

2.12 Taxation

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

Notes to the Financial Statements

for the Year Ended 30 September 2019



2.12.1 Current Tax

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

The Bank's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.12.2 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.

Notes to the Financial Statements

for the Year Ended 30 September 2019

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.

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

2.13 Capital and Equity Instruments

2.13.1 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.

2.13.2 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.

2.14 Revenue Recognition

Revenue comprises the fair value of consideration received or receivable for rendering of services in the ordinary course of the activities of the bank. The Bank recognises revenue when the amount of revenue and its related cost can be reliably measured, when it is reasonably assured that the related receivables are collectable, and when the specific criteria for each of the Bank's activities are met as follows:

Notes to the Financial Statements

for the Year Ended 30 September 2019



2.14.1 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 is recognised on an effective interest basis for debt instruments other than those financial instruments “at fair value through profit or loss”.

2.14.2 Fees and Commission Income

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

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

2.15 Leases

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

2.15.1 The Bank as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Notes to the Financial Statements

for the Year Ended 30 September 2019

Initial direct costs incurred by the Bank in negotiating and arranging operating leases are recognised in profit or loss when incurred. Contingent rents are recognised as an expense in profit or loss in the financial year in which they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

2.16 Foreign Currency Translations

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 (MMK) by the Management.

In preparing the financial statements for the Bank, transactions in currencies other than the Bank's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date 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.

3 Critical Accounting Judgments 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 judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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.

Notes to the Financial Statements

for the Year Ended 30 September 2019



3.1 Critical Judgments in Applying Accounting Policies

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

3.2.1 Impairment Losses on Loans and Advances

A loan is impaired when there is objective evidence that events since the loan was granted, have affected expected cash flows from the loan. The impairment loss is the difference between the carrying value of the loan and the present value of estimated future cash flows at the loan's original effective interest rate. The Bank reviews its loans and advances to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in profit or loss, the Management exercises judgment on whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the loan before the decrease can be identified within an individual loan.

3.2.2 Useful Life of Property, Plant and Equipment

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

4 Financial Instruments

4.1 Categories of Financial Instruments

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Loans & receivables	928,433,055	810,364,873	920,797,055	802,728,873
Financial liabilities	1,063,434,260	953,317,901	1,064,548,086	954,499,970

Notes to the Financial Statements

for the Year Ended 30 September 2019

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.

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 is conducted.

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

5.1 Credit Risk

Credit Risk is considered to be the risk of loss due to inability or unwillingness of the counterparty to fulfill its payment obligations to the Bank. Management has a credit policy in place. The Bank generally holds, full collateral against the credit facilities granted and the right to be disposed off the collaterals when certain exposure thresholds are exceeded. The Bank generally only accepts lands and building as collaterals, with other types of collaterals such as gold and machineries making upon 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 employ a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for loans and advances, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances include charges over land and buildings, gold, equipment and contract financing, guarantees, project contracting and residential properties are also acceptable for security of loan.

Notes to the Financial Statements

for the Year Ended 30 September 2019



All credit lending to non-bank customers are 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 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 revaluation of the collaterals in subsequent periods, generally at the time of renewal/roll-over of a loan.

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

5.1.1 Maximum Exposure to Credit Risk

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

Notes to the Financial Statements

for the Year Ended 30 September 2019

Myanmar Kyats	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Cash and cash equivalents	173,216,911	158,352,118	173,209,957	158,337,352
Loan and advances	746,133,055	663,064,873	734,133,055	651,064,873
Investment securities	182,300,000	147,300,000	186,664,000	151,664,000
Other assets	45,042,029	34,262,907	43,126,369	33,592,594
	1,146,691,995	1,002,979,898	1,137,133,381	994,658,818
Off-Balance Sheet				
Performance Guarantee	45,593,555	34,021,966	45,593,555	34,021,966
Contingent liabilities	35,583,640	56,096,631	35,583,640	56,096,631
Undrawn loan commitments	52,543,300	64,186,284	52,543,300	64,186,284
	133,720,495	154,304,880	133,720,495	154,304,880
Total maximum exposure to credit risk	1,280,412,490	1,157,284,778	1,270,853,876	1,148,963,699

Collateral and Other Credit Enhancements

In respect of the Bank's deposit 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.

For the loans and advances granted by the Bank, the following types of collateral and credit enhancements are obtained;

- Charges over land and buildings
- Charges over plant & machinery
- Mortgages over residential properties
- Pledge
- Vehicles
- Bank Guarantees - Stand by Letter of Credits
- Fixed Deposits and balances earmarked in Savings accounts

5.1.2 Credit Risk by Industry

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

Notes to the Financial Statements

for the Year Ended 30 September 2019



	The Group		The Bank	
	2019 MMK'000	2018 MMK'000	2019 MMK'000	2018 MMK'000
Agricultural	842,537	438,942	842,537	438,942
Livestock	283,204	1,160,652	283,204	1,160,652
Manufacturing	78,115,100	61,478,780	78,115,100	61,478,780
Trading	290,036,542	265,500,964	290,036,542	265,500,964
Transportation	2,509,593	2,785,819	2,509,593	2,785,819
Construction	157,312,070	166,946,974	157,312,070	166,946,974
Service	139,956,206	114,518,772	127,956,206	102,518,772
Housing Loan	30,714,199	1,620,424	30,714,199	1,620,424
Pledge	428,150	4,886,760	428,150	4,886,760
Hire Purchase	3,739,169	3,324,048	3,739,169	3,324,048
Staff Loan	1,458,673	978,005	1,458,673	978,005
General	29,499,604	13,008,862	29,499,604	13,008,862
Loans to Other banks	10,526,400	25,135,000	10,526,400	25,135,000
Credit Cards	1,969,908	1,538,773	1,969,908	1,538,773
Total	747,391,355	663,322,775	735,391,355	651,322,775

5.1.3 Credit Quality of Loans and Advances

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

The Group

CBM's notification no. 17/2017			2019			2018		
			MMK'000			MMK'000		
Classification of loans & advances	Days past due	Provision on shortfalls in security value	NPL * loans & advances	Interest in suspense	Valuation of security	NPL * loans & advances	Interest in suspense	Valuation of security
Standard	30	0%	674,059,591		1,056,009,172	627,268,052	-	835,195,310
Watch	31-60	5%	1,281,030		1,648,903	140,270	-	1,779,370
Substandard	61-90	25%	28,681,951		44,402,344	1,916,976	-	3,111,060
Doubtful	91-180	50%	2,335,634	266,851	4,327,828	3,724,966	128,929	5,785,550
Loss	over 180	100%	41,033,149	12,342,925	46,606,160	30,272,510	4,558,002	103,992,080
			747,391,355	12,609,777	1,152,994,408	663,322,775	4,686,932	949,863,370
Total NPL* %			=		4.85%	=		4.74%

Notes to the Financial Statements

for the Year Ended 30 September 2019

The Bank

CBM's notification no. 17/2017			2019			2018		
			MMK'000			MMK'000		
Classification of loans & advances	Days past due	Provision on shortfalls in security value	NPL * loans & advances	Interest in suspense	Valuation of security	NPL * loans & advances	Interest in suspense	Valuation of security
Standard	30	0%	662,059,591		1,056,009,172	615,268,052	-	835,195,310
Watch	31-60	5%	1,281,030		1,648,903	140,270	-	1,779,370
Substandard	61-90	25%	28,681,951		44,402,344	1,916,976	-	3,111,060
Doubtful	91-180	50%	2,335,634	266,851	4,327,828	3,724,966	128,929	5,785,550
Loss	over 180	100%	41,033,149	12,342,925	46,606,160	30,272,510	4,558,002	103,992,080
			735,391,355	12,609,777	1,152,994,408	651,322,775	4,686,932	949,863,370
Total NPL* %			=		4.93%			4.83%

* $NPL = (Gross\ NPL\ Balance + Claim\ Account - IIS) / Gross\ Loan\ Balance$

The Group

	2019		2018	
	MMK'000		MMK'000	
	Loans & advances	Investment securities	Loans & advances	Investment securities
Neither past due nor impaired	674,059,591	182,300,000	627,268,052	147,300,000
Past due but not impaired	29,962,981	-	2,057,246	-
Individually past due and impaired	43,368,783	-	33,997,476	-
	747,391,355	182,300,000	663,322,775	147,300,000

The Bank

	2019		2018	
	MMK'000		MMK'000	
	Loans & advances	Investment securities	Loans & advances	Investment securities
Neither past due nor impaired	662,059,591	186,664,000	615,268,052	151,664,000
Past due but not impaired	29,962,981	-	2,057,246	-
Individually past due and impaired	43,368,783	-	33,997,476	-
	735,391,355	186,664,000	651,322,775	151,664,000

Notes to the Financial Statements

for the Year Ended 30 September 2019



5.2 Liquidity Risk

Liquidity risk is the risk that the Bank is unstable 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 the 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 Assets–Liability Committee (“ALCO”). ALCO meeting is held on monthly basis to oversee liquidity risk management of the Bank and is supplemented by a “Liquidity Meeting” which is held weekly in addition to any meetings called by the Executive Management on need to basis. The Bank has in place Business Contingency Plan (“BCP”) which include disasters situation facing by the Bank. The BCP covers operational steps and procedure of how to handle money transactions during disaster situation, meeting 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 the Management and the regulatory requirements stipulated by the local authority, the Bank is required to maintain adequate liquid assets to manage its short-term liquidity. Such liquid assets include investments in Government securities, borrowings with Central Bank of Myanmar and holding cash reserves. This is to ensure full cash inflows are available to meet customer withdrawals upon maturity.

	The Group		The Bank	
	2019	2018	2019	2018
Liquidity ratio	26.14%	23.61%	24.18%	22.30%

Minimum requirement for bank’s liquidity ratio is 20% fixed by Central Bank of Myanmar as per Notification number 19/2017.

Notes to the Financial Statements

for the Year Ended 30 September 2019

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 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.

Notes to the Financial Statements

for the Year Ended 30 September 2019



5.2.1 Maturity Analysis

The Group

(MMK'000)

	On demand or less than 3 months	3 to 12 months	Over one year	No specific Maturity	Total
2019					
Assets					
Cash and cash equivalents	173,216,911	-	-	-	173,216,911
Loan and advances	173,212,166	261,103,736	311,817,153	-	746,133,055
Investment securities	23,000,000	8,300,000	150,670,000	330,000	182,300,000
Other assets	19,459,010	21,598,868	4,494,622	102,000	45,654,500
	388,888,088	291,002,603	466,981,775	432,000	1,147,304,466
Liabilities					
Deposit from banks	6,450,440	77,683	443,900	-	6,972,023
Deposit from customers	341,176,039	269,362,379	397,833,529	-	1,008,371,946
Other liabilities	71,682,884	5,567,464	13,409,777	100	90,660,224
	419,309,362	275,007,525	411,687,207	100	1,106,004,194
On-Balance Sheet					
Liquidity Gap	(30,421,274)	15,995,079	55,294,568	431,900	41,300,272
Off-balance sheet					
Performance Guarantee	949,280	-	6,851,935	-	7,801,215
Contingent liabilities	22,427,622	-	6,188,917	-	28,616,539
Commitments	52,543,300	-	-	-	52,543,300
Off-balance sheet					
Liquidity Gap	75,920,202	-	13,040,852	-	88,961,054
Net Liquidity Gap	(106,341,476)	15,995,079	42,253,716	431,900	(47,660,782)

Notes to the Financial Statements

for the Year Ended 30 September 2019

(MMK'000)	On demand or less than 3 months	3 to 12 months	Over one year	No specific Ma- turity	Total
2018					
Assets					
Cash and cash equivalents	158,352,118	-	-	-	158,352,118
Loan and advances	195,407,844	302,553,006	165,104,023	-	663,064,873
Investment securities	20,000,000	125,470,000	1,500,000	330,000	147,300,000
Other assets	9,336,364	337,351	24,589,192	-	34,262,907
	383,096,326	428,360,357	191,193,215	330,000	1,002,979,898
Liabilities					
Deposit from banks	3,316,467	76,360	534,518	-	3,927,345
Deposit from customers	403,212,788	147,430,066	358,922,203	-	909,565,056
Other liabilities	67,308,174	117,776	-	100	67,426,050
	473,837,429	147,624,202	359,456,720	100	980,918,451
On-Balance Sheet					
Liquidity Gap	(90,741,103)	280,736,155	(168,263,505)	329,900	22,061,447
Off-balance sheet					
Performance Guarantee	2,994,172	-	5,149,816	-	8,143,988
Contingent liabilities	34,744,347	-	14,122,530	-	48,866,877
Commitments	64,186,284	-	-	-	64,186,284
Off-balance sheet					
Liquidity Gap	101,924,803	-	19,272,346	-	121,197,148
Net Liquidity Gap	(192,665,906)	280,736,155	(187,535,851)	329,900	(99,135,702)

Notes to the Financial Statements

for the Year Ended 30 September 2019



The Bank

(MMK'000)	On demand or less than 3 months	3 to 12 months	Over one year	No specific Ma- turity	Total
2019					
Assets					
Cash and cash equivalents	173,209,957	-	-	-	173,209,957
Loan and advances	173,212,166	249,103,736	311,817,153	-	734,133,055
Investment securities	23,000,000	8,300,000	149,170,000	6,194,000	186,664,000
Other assets	19,405,573	19,854,218	4,479,050	-	43,738,840
	388,827,696	277,257,953	465,466,203	6,194,000	1,137,745,852
Liabilities					
Deposit from banks	6,450,440	77,683	443,900	-	6,972,023
Deposit from customers	341,578,508	269,477,880	398,429,384	-	1,009,485,773
Other liabilities	71,619,220	5,101,475	13,409,777	-	90,130,472
	419,648,168	274,657,037	412,283,062	-	1,106,588,267
On-Balance Sheet					
Liquidity Gap	(30,820,472)	2,600,916	53,183,141	6,194,000	31,157,585
Off-balance sheet					
Performance Guarantee	949,280	-	6,851,935	-	7,801,215
Contingent liabilities	22,427,622	-	6,188,917	-	28,616,539
Commitments	52,543,300	-	-	-	52,543,300
Off-balance sheet					
Liquidity Gap	75,920,202	-	13,040,852	-	88,961,054
Net Liquidity Gap	(106,740,674)	2,600,916	40,142,289	6,194,000	(57,803,469)

Notes to the Financial Statements

for the Year Ended 30 September 2019

(MMK'000)	On demand or less than 3 months	3 to 12 months	Over one year	No specific Ma- turity	Total
2018					
Assets					
Cash and cash equivalents	158,337,352	-	-	-	158,337,352
Loan and advances	195,407,844	290,553,006	165,104,023	-	651,064,873
Investment securities	20,000,000	125,470,000	-	6,194,000	151,664,000
Other assets	9,336,364	337,351	23,918,879	-	33,592,594
	383,081,559	416,360,357	189,022,902	6,194,000	994,658,818
Liabilities					
Deposit from banks	123,703	12,981	626,913	3,163,748	3,927,345
Deposit from customers	403,686,976	147,542,751	359,517,398	-	910,747,125
Other liabilities	62,322,037	-	4,686,932	-	67,008,968
	466,132,715	147,555,732	364,831,243	3,163,748	981,683,438
On-Balance Sheet					
Liquidity Gap	(83,051,156)	268,804,625	(175,808,341)	3,030,252	12,975,380
Off-balance sheet					
Performance Guarantee	2,994,172	-	5,149,816	-	8,143,988
Contingent liabilities	34,744,347	-	14,122,530	-	48,866,877
Commitments	64,186,284	-	-	-	64,186,284
Off-balance sheet					
Liquidity Gap	101,924,803	-	19,272,346	-	121,197,148
Net Liquidity Gap	(184,975,959)	268,804,625	(195,080,686)	3,030,252	(108,221,768)

Notes to the Financial Statements

for the Year Ended 30 September 2019



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 liabilities funding. One of the major causes of these mismatches is timing differences in the re-pricing of the assets and the liabilities.

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

The interest rates charged or granted by the Bank are determined by a committee with oversight by Board of Directors. These interest rates are set within a band determined by the Central Bank of Myanmar. As at 30 September 2019, the interest rates on loans are subject to the following maximum caps:

	Secured	Unsecured
• Loans and advances:	13%	16%
• Overdraft:	13%	16%
• Hire purchase	13%	16%
• Staff loan	9.25%	9.25%
• Credit Card*	-	13%

*Credit usage charges of 13% applies

As at 30 September 2019, the interest rates on deposits are subject to the following minimums:

• Saving Deposits:	8.25% - 8.6%
• Fixed Deposits:	
-thirty days	8.50%
-ninety days	8.75%
-one hundred and eighty days	9%
-two hundred and seventy days	9%
-one year	9%
• Call Deposit	6%

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.

Notes to the Financial Statements

for the Year Ended 30 September 2019

5.3 Interest Rate Risk

The Group

(MMK'000)

2019

ASSETS

	Within 3 months	3 months to 12 months	Over 1 year	Non-interest bearing	Total
Cash and cash equivalents	7,674,369	-	-	165,542,543	173,216,911
Loans and advances	173,212,166	261,103,736	311,817,153	-	746,133,055
Investment securities	23,000,000	8,300,000	150,670,000	330,000	182,300,000
	203,886,535	269,403,736	462,487,153	165,872,543	1,101,649,966

LIABILITIES

Deposit from banks	33,293	77,683	443,900	6,417,147	6,972,023
Deposit from customers	257,599,291	269,362,379	397,833,529	83,576,748	1,008,371,946
Borrowing	48,090,291	-	-	-	48,090,291
	305,722,874	269,440,061	398,277,430	89,993,895	1,063,434,260

NET INTEREST RATE GAP

	(101,836,339)	(36,325)	64,209,723	75,878,647	38,215,706
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(MMK'000)

2018

ASSETS

	Within 3 months	3 months to 12 months	Over 1 year	Non-interest bearing	Total
Cash and cash equivalents	32,791,521	5,365,959	-	120,194,638	158,352,118
Loans and advances	195,407,844	302,553,006	165,104,023	-	663,064,873
Investment securities	20,000,000	125,470,000	1,500,000	330,000	147,300,000
	248,199,365	433,388,965	166,604,023	120,524,638	968,716,991

LIABILITIES

Deposit from banks	123,703	12,981	626,913	3,163,748	3,927,345
Deposit from customers	346,771,475	147,430,066	358,922,203	56,441,313	909,565,056
Borrowing	39,825,500	-	-	-	39,825,500
	386,720,677	147,443,047	359,549,115	59,605,061	953,317,901

NET INTEREST RATE GAP

	(138,521,312)	285,945,918	(192,945,092)	60,919,577	15,399,090
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Notes to the Financial Statements

for the Year Ended 30 September 2019



The Bank

(MMK'000)

2019

ASSETS

	Within 3 months	3 months to 12 months	Over 1 year	Non-interest bearing	Total
Cash and cash equivalents	7,637,641	-	-	165,572,316	173,209,957
Loans and advances	173,212,166	249,103,736	311,817,153	-	734,133,055
Investment securities	23,000,000	8,300,000	149,170,000	6,194,000	186,664,000
	203,849,807	257,403,736	460,987,153	171,766,316	1,094,007,012

LIABILITIES

Deposit from banks	33,293	77,683	443,900	6,417,147	6,972,023
Deposit from customers	257,969,550	269,477,880	398,429,384	83,608,958	1,009,485,773
Borrowing	48,090,291	-	-	-	48,090,291
	306,093,134	269,555,562	398,873,285	90,026,106	1,064,548,086

NET INTEREST RATE GAP

	(102,243,327)	(12,151,827)	62,113,868	81,740,211	29,458,926
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(MMK'000)

2018

ASSETS

	Within 3 months	3 months to 12 months	Over 1 year	Non-interest bearing	Total
Cash and cash equivalents	32,594,943	5,365,959	-	120,376,450	158,337,352
Loans and advances	195,407,844	290,553,006	165,104,023	-	651,064,873
Investment securities	20,000,000	125,470,000	-	6,194,000	151,664,000
	248,002,787	421,388,965	165,104,023	126,570,450	961,066,225

LIABILITIES

Deposit from banks	123,703	12,981	626,913	3,163,748	3,927,345
Deposit from customers	347,063,357	147,542,751	359,517,398	56,623,619	910,747,125
Borrowing	39,825,500	-	-	-	39,825,500
	387,012,560	147,555,732	360,144,311	59,787,367	954,499,970

NET INTEREST RATE GAP

	(139,009,774)	273,833,233	(195,040,288)	66,783,083	6,566,255
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Notes to the Financial Statements

for the Year Ended 30 September 2019

6 Capital Management

The objectives of the Bank's capital management are to maintain an optimal level of capital, which is adequate to support the 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. During the financial year, the Bank has no issuance of paid-up capital in addition.

The Bank is subject to the maintenance of capital adequacy ratios as determined by the CBM. The capital adequacy ratios are based on the Bank's core capital and risk weighted assets. The Bank considers its core capital to include issued and paid-up capital, reserves and retained profits. The Bank's risk weighted assets include loans and advances, fixed assets and other assets. The Bank reported the following capital adequacy ratios to the CBM as the end of each reporting period as set out below:

	The Group		The Bank	
	2019 MMK'000	2018 MMK'000	2019 MMK'000	2018 MMK'000
Authorised Capital	75,000,000	75,000,000	75,000,000	75,000,000
Paid-up capital (Share each @ MMK 500,000)	54,000,000	54,000,000	54,000,000	54,000,000
Capital Adequacy Ratio (%)	9.58%	8.50%	8.99%	7.86%

The Bank met the minimum capital adequacy ratio requirement 8% set by Central Bank of Myanmar (CBM) as at 30 September 2019, the CAR calculation is based on CBM guidelines.

7 Related Party Transactions

Related party transactions are conducted on an arm's length basis and on normal commercial terms, which are not favourable than those generally available to the public. Detailed list of the related party transactions are shown in Annexure II.

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.

Notes to the Financial Statements

for the Year Ended 30 September 2019



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:

	The Group		The Bank	
	2019 MMK'000	2018 MMK'000	2019 MMK'000	2018 MMK'000
Director expenses	12,000	17,000	12,000	17,000
Short term employee benefits	16,737,494	16,376,979	16,655,690	16,178,908
	16,749,494	16,393,979	16,667,690	16,195,908

8 Cash & Cash Equivalents

	The Group		The Bank	
	2019 MMK'000	2018 MMK'000	2019 MMK'000	2018 MMK'000
Cash and balance with CBM	93,212,521	58,668,971	93,212,521	58,668,971
Cash and balance with other banks	20,213,818	60,135,533	20,209,300	60,121,260
Cash in hand	59,790,572	39,547,614	59,788,136	39,547,121
	173,216,911	158,352,118	173,209,957	158,337,352

9 Loans and Advances

	The Group		The Bank	
	2019 MMK'000	2018 MMK'000	2019 MMK'000	2018 MMK'000
Credit card	1,969,908	1,537,919	1,969,908	1,537,919
Hire purchase	3,739,169	2,760,815	3,739,169	2,760,815
Short-term loans	437,449,705	264,588,656	425,449,705	252,588,656
Loans and advances to banks	10,526,400	25,135,000	10,526,400	25,135,000
Overdraft	292,247,500	368,322,216	292,247,500	368,322,216
Staff loan	1,458,673	978,168	1,458,673	978,168
Total loans & advances	747,391,355	663,322,775	735,391,355	651,322,775
(-) Provision for bad & doubtful debt (SP)	1,258,300	257,902	1,258,300	257,902
Net loans & advances	746,133,055	663,064,873	734,133,055	651,064,873

Notes to the Financial Statements

for the Year Ended 30 September 2019

10 Investment Securities

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Held to maturity				
- Investment in Government Securities (Treasury Bonds)	181,970,000	146,970,000	180,470,000	145,470,000
- Investment in Government Securities (Treasury Bills)	-	-	-	-
Available-for-sales securities				
- Investment in Myanmar Credit Bureau	130,000	130,000	130,000	130,000
- Investment in Myanmar Payment Union	200,000	200,000	200,000	200,000
- Investment in uab securities	-	-	5,864,000	5,864,000
	182,300,000	147,300,000	186,664,000	151,664,000

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

11 Property, Plant & Equipment

Details are shown in "Annexure (1)", additions and disposals during the period had already been approved by the Board of Directors.

12 Investment Properties

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Balance at 1 October	-	-	-	-
Additions	952,251	-	952,251	-
Disposals	-	-	-	-
Depreciation charge	(4,550)	-	(4,550)	-
Transfers	-	-	-	-
Balance at 30 September	947,700	-	947,700	-
Represented by:				
Cost	1,029,123	-	1,029,123	-
Accumulated depreciation	(81,423)	-	(81,423)	-
Net carrying amount	947,700	-	947,700	-
Freehold property	-	-	-	-
Leasehold property	947,700	-	947,700	-
Balance at 30 September	947,700	-	947,700	-

Notes to the Financial Statements

for the Year Ended 30 September 2019



13 Intangible Assets

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Opening Balance	1,144,302	1,516,676	790,661	1,157,476
Acquisition	100,141	720,972	100,141	537,372
Transfer/ adjustment	(9,898)	(665,785)	(9,898)	(665,785)
Amortised	(267,800)	(427,561)	(186,380)	(238,402)
Closing Balance	966,745	1,144,302	694,524	790,661

14 Deferred Tax

Deferred tax comprises the following:

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Deferred tax liabilities on:				
Unrealised gain on AFS financial assets				
Accelerated tax depreciation				
Unrealised gain on financial instruments FV through P&L				
Others				
	-	-	-	-
Deferred tax assets on:				
Unrealised loss on AFS financial assets	-	-	-	-
Allowance for impairment	612,471	-	612,471	-
Tax losses	-	-	-	-
Unrealised loss on financial instruments FV through P&L	-	-	-	-
Others	-	-	-	-
	612,471	-	612,471	-

Notes to the Financial Statements

for the Year Ended 30 September 2019

15 Other Assets

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Interest receivable	9,943,479	7,381,526	8,445,446	6,971,004
Prepaid and advances	28,141,235	23,561,368	27,723,609	23,301,577
Cards receivable	292,288	95,894	292,288	95,894
Inventories	195,399	325,360	195,399	325,360
Others	6,469,627	2,898,760	6,469,627	2,898,760
	45,042,029	34,262,907	43,126,369	33,592,594

16 Deposit and Placements of Banks

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Current deposit	6,417,147	3,163,748	6,417,147	3,163,748
Saving deposit	554,875	763,597	554,875	763,597
Fixed deposit	-	-	-	-
	6,972,023	3,927,345	6,972,023	3,927,345

17 Deposit from Customer

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Current deposit	83,576,748	56,441,313	83,608,958	56,623,619
Saving deposit	490,085,030	425,610,017	490,268,521	425,927,730
Fixed deposit	423,179,158	408,881,962	423,179,158	408,881,962
Call deposit	11,531,010	18,631,765	12,429,136	19,313,815
	1,008,371,946	909,565,056	1,009,485,773	910,747,125

18 Borrowings

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Borrowing from CBM (SWAP)	-	4,690,500	-	4,690,500
Borrowings from Foreign Banks in local (Foreign Currency)	3,830,000	15,635,000	3,830,000	15,635,000
Borrowing from Local Private Banks (Local Currency)	44,260,291	19,500,000	44,260,291	19,500,000
	48,090,291	39,825,500	48,090,291	39,825,500

Notes to the Financial Statements

for the Year Ended 30 September 2019



19 Other Liabilities

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Accrued interest payable	4,764,094	4,158,909	4,764,094	4,158,909
Accrued operating expenses	744,344	506,576	676,925	503,563
Provision for income taxes	5,551,983	2,170,938	5,101,475	1,935,624
Provision for other	800,000	170,900	800,000	170,900
Sundry creditors	14,793,963	14,354,422	14,793,963	14,354,422
Deferred income	28,473	103,683	28,473	103,683
Others	15,887,075	6,135,122	15,875,251	5,956,368
	42,569,934	27,600,550	42,040,181	27,183,468

20 Share Capital

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Ordinary shares, MMK 500,000 per value				
Issued and fully paid-up				
Beginning of period				
2019 - 108,000 shares; 2018 - 88,000 shares	54,000,000	44,000,000	54,000,000	44,000,000
Shares issued during the period				
2019 - Nil shares ; 2018 - 20,000 shares	-	10,000,000	-	10,000,000
Balance at end of period				
2019 - 108,000 shares; 2018 - 108,000 shares	54,000,000	54,000,000	54,000,000	54,000,000

The Bank has authorised capital of MMK 75 Billion and the total amount of issued and paid-up capital as of 30 September 2019 was MMK 54 Billion divided into 108,000 shares with MMK 500,000 each. The Bank has not issued additional shares during the period from 1 October 2018 to 30 September 2019.

Notes to the Financial Statements

for the Year Ended 30 September 2019

21 Reserves

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
The details of reserve are as follows:				
Statutory Reserve Fund				
Opening balance	4,030,124	2,338,451	4,030,124	2,338,451
Addition for the period	3,408,790	1,691,672	3,408,790	1,691,672
Closing balance	7,438,914	4,030,124	7,438,914	4,030,124
Reserve for Contingencies				
Opening balance	-	-	-	-
Addition for the period	-	-	-	-
Closing balance	-	-	-	-
General Loan Loss Provision (GP)				
Opening balance	11,802,466	10,616,683	11,802,466	10,616,683
Addition for the period	2,449,885	1,185,783	2,449,885	1,185,783
Closing balance	14,252,351	11,802,466	14,252,351	11,802,466
Total	21,691,265	15,832,590	21,691,265	15,832,590

Statutory Reserve

The Bank has reserved 25% of its net profit after tax for statutory reserve in compliance with Section 35(a) of the Financial Institutions Law.

General Loan Loss Provision

The Bank has reserved 2% of its total loans and receivables as reserve for bad and doubtful debts at the end of financial year in accordance with Central Bank Notification number 17/2017.

Notes to the Financial Statements

for the Year Ended 30 September 2019



22 Off-balance sheet

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Performance Guarantee	45,593,555	34,021,966	45,593,555	34,021,966
Contigent liabilities	35,583,640	56,096,631	35,583,640	56,096,631
Commitments	52,543,300	64,186,284	52,543,300	64,186,284
	133,720,495	154,304,880	133,720,495	154,304,880

Performance Guarantee

Performance related guarantees represents undertakings that oblige the Bank to pay third parties should a customer fail to fulfill a contractual non-monetary obligation.

Contingent Liabilities

Contingent liabilities represents liabilities arising from letters of credit which are undertakings by the Bank to pay or accept drafts drawn by a supplier of goods against presentation of documents in the event of payment default by a customer.

Commitment (Overdraft - Undrawn Balances)

Overdraft commitments are defined amounts (unutilized credit lines or undrawn portions of credit lines) against which clients can borrow money under defined terms and conditions. Upon the drawdown by the counterparty, amount of the overdraft is accounted for in accordance with the Bank's accounting policies.

23 Interest Income

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Interest on loans to customers	87,486,240	76,085,548	86,046,240	74,645,548
Interest on money market	3,237,283	6,000,521	3,237,281	5,999,996
Interest on deposit auction and SWAP	172,337	314,558	172,337	314,558
Interest on Treasury Bonds	15,521,792	10,434,141	15,382,988	10,402,742
	106,417,652	92,834,767	104,838,846	91,362,843

Notes to the Financial Statements

for the Year Ended 30 September 2019

	The Group		The Bank	
	2019	2018	2019	2018
Interest rate on loans & advances	13.0%	13.0%	13.0%	13.0%
Interest rate on Government Securities (Five Years Treasury Bonds)	9.5%	9.5%	9.5%	9.5%

24 Interest Expenses

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Interest on saving deposit	31,074,468	25,188,638	31,096,403	25,212,811
Interest on call deposit	784,203	1,320,056	817,375	1,342,483
Interest on fixed deposit	33,895,558	39,748,746	33,895,558	39,748,746
Interest on Inter-bank deposit	307,557	572,584	307,557	572,584
Interest on borrowing	5,214,959	864,139	5,214,959	864,139
	71,276,745	67,694,163	71,331,852	67,740,762

25 Fees and Commission Income

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Commission on payment order	52,026	64,107	52,026	64,107
Commission on remittance	339,621	375,797	339,621	375,797
Commission on cards	603,258	317,457	603,258	317,457
Service charges	2,578,109	2,280,567	2,578,109	2,280,567
Commitment fees	488,890	547,036	488,890	547,036
Commission on trade related	2,743,865	2,848,897	2,743,865	2,848,897
Commission on brokerage and IB advisory fees	149,798	44,601	-	-
Commission on others	99,207	42,062	99,207	42,062
	7,054,774	6,520,525	6,904,977	6,475,924

Notes to the Financial Statements

for the Year Ended 30 September 2019



26 Other Income

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Treasury (Forex) trading income	2,279,390	3,085,406	2,278,115	3,088,347
Interest on other (Operating Lease)	2,965,202	595,607	2,965,202	595,607
Extension fees on loans and advances	709,994	690,290	709,994	690,290
Exchange Gain/(Loss) on cards	135,510	134,911	135,510	134,911
Disposal Gain/(Loss) on motor vehicles	279,760	(41,333)	279,760	(41,333)
Miscellaneous	173,888	167,863	173,888	167,863
	6,543,743	4,632,745	6,542,468	4,635,685

27 General & Administrative Expenses

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Maintainance & repair	620,233	871,614	619,659	849,190
Miscellaneous expenses	364,908	564,030	364,908	564,030
Supplies and services	1,162,804	1,072,421	1,111,017	1,005,433
Rate & taxes	454,667	483,792	452,637	481,792
Insurance expense	19,105	21,810	19,105	21,810
Technology expense	784,319	738,153	556,706	498,073
	3,406,037	3,751,820	3,124,034	3,420,329

28 Personnel Expenses

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Salaries and allowances	13,339,127	14,049,943	13,269,469	13,872,516
Staff welfare contribution	100,386	117,838	100,259	116,314
Staff social security contribution	179,139	171,264	178,315	169,878
Recruitment expense	210	78,080	210	78,080
Staff bonus & rewards	3,118,842	2,037,934	3,107,647	2,020,199
Training expense	27,120	7,648	26,502	7,226
Director fees and expense	12,000	17,000	12,000	17,000
	16,776,824	16,479,707	16,694,403	16,281,213

Notes to the Financial Statements

for the Year Ended 30 September 2019

29 Operating Lease Expenses

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Rent - Building	1,365,500	1,335,962	1,356,144	1,314,610
Rent - Others	507,606	257,797	507,606	257,797
	1,873,106	1,593,758	1,863,750	1,572,407

30 Other Expenses

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Auditor fees and expense	21,196	36,626	21,196	36,626
Legal expense	10,161	903	10,161	903
Travelling expense	146,243	162,884	146,243	162,884
Consultant fees	4,092	523,977	4,092	523,977
Others	-	10	-	10
	181,692	724,400	181,692	724,400

31 Allowance for Credit and Other Losses

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Specific allowance on / (write-back) of:				
Loans	1,000,398	257,902	1,000,398	257,902
Cash shortage	800,000	899,857	800,000	899,857
Inventory shortage/adjustments	335,816	-	335,816	-
Write-off fixed assets	77,462	-	77,462	-
General allowance (2%)	2,449,885	-	2,449,885	-
	4,663,561	1,157,759	4,663,561	1,157,759

Notes to the Financial Statements

for the Year Ended 30 September 2019



32 Taxation

	The Group		The Bank	
	2019 MMK'000	2018 MMK'000	2019 MMK'000	2018 MMK'000
Tax expense/(credit) attributable to profit or (loss) is made up of:				
- Current income tax	5,433,194	2,471,442	5,101,475	2,269,341
- Corporate income tax (25%)	5,405,292	2,471,442	5,073,572	2,269,341
- Capital gain tax (10%)	27,903	-	27,903	-
- Deferred income tax	(612,471)	-	(612,471)	-
	4,820,723	2,471,442	4,489,004	2,269,341
Under/(over) provision in prior financial years				
- Current income tax	-	-	-	-
- Deferred income tax	-	-	-	-
	4,820,723	2,471,442	4,489,004	2,269,341

33 Investment in Subsidiary

	The Group		The Bank	
	2019 MMK'000	2018 MMK'000	2019 MMK'000	2018 MMK'000
Unlisted share, at cost (11,728 shares @ MMK 500,000 each)	5,864,000	5,864,000	-	-

The following list contains only the particulars of principal subsidiary:

Name of company	Place of incorporation and operation	Normal value of issued ordinary shares	Group's effective interest	Percentage held by the Bank	Principal activities
uab securities Ltd.	Yangon, Myanmar	15,000,000	100%	39%	Brokerage, Underwriting & IB services

uab securities Limited is registered on 20 November 2015 under the Myanmar Companies Act 1914, re-registered under new Myanmar Companies Law 2017 and obtained new registration number 113292180.

Notes to the Financial Statements

for the Year Ended 30 September 2019

34 Non-controlling Interest

	The Group		The Bank	
	2019	2018	2019	2018
	MMK'000	MMK'000	MMK'000	MMK'000
Investment shares, at costs	9,136,000	9,136,000	-	-
Retained earning	133,196	(177,252)	-	-
Prior year adjustment	(13,925)	(30,450)	-	-
Profit for the year	572,554	340,898	-	-
Profit for the periods	606,118	369,280	-	-
URP Adjustment	(33,564)	(28,382)	-	-

Notes to the Financial Statements

for the Year Ended 30 September 2019



9,827,825

9,269,196

-

-

The Group

2019

Property, Plant & Equipment

Annexure - I

	Land & Building	Office Machine & Other Machine Equipment	Furniture, Fixture & Fitting	Electrical Equipment & Computer Accessories	Motor Cars & Motor Cycle	Total
	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
Cost						
As at 1 October 2018	46,951,761	5,917,156	1,348,262	2,986,330	2,684,654	59,888,162
Additions during the year	36,654	97,063	31,093	467,302	-	632,111
Transfer during the year	(1,027,361)	6,754	(1,083)	(9,936)	-	(1,031,627)
Adjustment during the year	-	-	-	-	-	-
Disposal	-	(1,931)	(2,399)	-	(1,357,477)	(1,361,807)
Allowance for impairment	-	(42,626)	(14,879)	(73,220)	-	(130,726)
Donation	-	-	(9,360)	-	-	(9,360)
As at 30 September 2019	45,961,054	5,976,415	1,351,633	3,370,476	1,327,177	57,986,754
Accumulated Depreciation						
As at 1 October 2018	2,842,069	1,786,648	265,002	1,787,154	1,436,222	8,117,095
Charged for the year	812,506	583,711	68,076	441,051	209,468	2,114,813
Transfer during the year	(76,762)	2,978	1,019	(4,337)	-	(77,102)
Adjustment during the year	-	3,861	-	-	-	3,861
Disposal	-	(228)	(531)	-	(1,023,574)	(1,024,334)
Allowance for impairment	3,932	936	12,624	(69,717)	-	(52,225)
Donation	-	-	(2,028)	-	-	(2,028)
As at 30 September 2019	3,581,745	2,377,907	344,163	2,154,150	622,115	9,080,081
Net Book Value as at 30 September 2019	42,379,309	3,598,508	1,007,470	1,216,325	705,062	48,906,673

Notes to the Financial Statements

for the Year Ended 30 September 2019

2018

Property, Plant & Equipment

	Land & Building	Office Machine & Other Machine Equipment	Furniture, Fixture & Fitting	Electrical Equipment & Computer Accessories	Motor Cars & Motor Cycle	Total
	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
Cost						
As at 1 October 2017	36,078,000	5,673,669	1,301,312	2,767,099	2,814,799	48,634,879
Additions during the year	10,990,162	249,408	51,521	210,211	29,250	11,530,551
Transfer during the year	(116,400)	(5,922)	(4,571)	9,020	(30,500)	(148,372)
Adjustment during the year	-	-	-	-	-	-
Disposal	-	-	-	-	(128,895)	(128,895)
Allowance for impairment	-	-	-	-	-	-
Donation	-	-	-	-	-	-
As at 30 September 2018	46,951,761	5,917,156	1,348,262	2,986,330	2,684,654	59,888,162
Accumulated Depreciation						
As at 1 October 2017	1,986,604	1,230,180	201,940	1,323,743	1,166,690	5,909,156
Charged for the year	855,465	557,742	64,784	461,879	340,445	2,280,314
Transfer during the year	-	(1,273)	(1,722)	1,532	(9,150)	(10,613)
Adjustment during the year	-	-	-	-	-	-
Disposal	-	-	-	-	(61,762)	(61,762)
Allowance for impairment	-	-	-	-	-	-
Donation	-	-	-	-	-	-
As at 30 September 2018	2,842,069	1,786,648	265,002	1,787,154	1,436,222	8,117,095
Net Book Value as at 30 September 2018	44,109,692	4,130,507	1,083,260	1,199,177	1,248,431	51,771,067

Notes to the Financial Statements

for the Year Ended 30 September 2019



The Bank

2019

Property, Plant & Equipment

Annexure I

	Land & Building	Office Machine & Other Machine Equipment	Furniture, Fixture & Fitting	Electrical Equipment & Computer Accessories	Motor Cars & Motor Cycle	Total
	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
Cost						
At 1 October 2018	46,951,761	5,913,172	1,345,005	2,965,562	2,670,254	59,845,753
Additions during the year	36,654	97,063	31,093	467,302	-	632,111
Transfer during the year	(1,027,361)	6,754	(1,083)	(9,936)	-	(1,031,627)
Adjustment during the year	-	-	-	-	-	-
Disposal	-	(1,931)	(2,399)	-	(1,357,477)	(1,361,807)
Allowance for impairment	-	(42,626)	(14,879)	(73,220)	-	(130,726)
Donation	-	-	(9,360)	-	-	(9,360)
As at 30 September 2019	45,961,054	5,972,431	1,348,376	3,349,707	1,312,777	57,944,344
Accumulated Depreciation						
At 1 October 2018	2,842,069	1,784,270	261,900	1,770,049	1,427,972	8,086,260
Charged for the year	812,506	583,771	68,095	439,327	208,208	2,111,908
Transfer during the year	(76,762)	2,978	1,019	(4,337)	-	(77,102)
Adjustment during the year	-	3,861	-	-	-	3,861
Disposal	-	(228)	(531)	-	(1,023,574)	(1,024,334)
Allowance for impairment	3,932	936	12,624	(69,717)	-	(52,225)
Donation	-	-	(2,028)	-	-	(2,028)
As at 30 September 2019	3,581,745	2,375,589	341,080	2,135,321	612,605	9,046,340
Net Book Value as at 30 September 2019	42,379,309	3,596,842	1,007,296	1,214,385	700,172	48,898,005

Notes to the Financial Statements

for the Year Ended 30 September 2019

2018

Property, Plant & Equipment

	Land & Building	Office Machine & Other Machine Equipment	Furniture, Fixture & Fitting	Electrical Equipment & Computer Accessories	Motor Cars & Motor Cycle	Total
	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
Cost						
As at 1 October 2017	36,078,000	5,669,686	1,296,631	2,744,636	2,769,899	48,558,850
Additions during the year	10,990,162	249,408	51,321	209,608	29,250	11,529,748
Transfer during the year	(116,400)	(5,922)	(2,947)	11,318	-	(113,950)
Adjustment during the year	-	-	-	-	-	-
Disposal	-	-	-	-	(128,895)	(128,895)
Allowance for impairment	-	-	-	-	-	-
Donation	-	-	-	-	-	-
As at 30 September 2018	46,951,761	5,913,172	1,345,005	2,965,562	2,670,254	59,845,753
Accumulated Depreciation						
As at 1 October 2017	1,986,604	1,229,008	197,259	1,311,843	1,153,664	5,878,379
Charged for the year	855,465	556,535	64,739	456,221	336,070	2,269,030
Transfer during the year	-	(1,273)	(98)	1,985	-	613
Adjustment during the year	-	-	-	-	-	-
Disposal	-	-	-	-	(61,762)	(61,762)
Allowance for impairment	-	-	-	-	-	-
Donation	-	-	-	-	-	-
As at 30 September 2018	2,842,069	1,784,270	261,900	1,770,049	1,427,972	8,086,260
Net Book Value as at 30 September 2018	44,109,692	4,128,902	1,083,104	1,195,513	1,242,282	51,759,493

Notes to the Financial Statements

for the Year Ended 30 September 2019



Annexure II

Related Party Transactions

Related parties cover the Group's subsidiary and Key Management Personnel and their related parties. Key Management Personnel refers to the Bank's Directors and members of its Management Committee.

All related party transactions of the Bank were done in the ordinary course of business and at arm's length in addition to the information disclosed elsewhere in the financial statements, other related party transactions that may be of interest are as follows:

	The Group		The Bank	
	2019 MMK'000	2018 MMK'000	2019 MMK'000	2018 MMK'000
A. Salaries and benefits of key management personnel	16,749,494	16,393,979	16,667,690	16,195,908
B. uab securities-Subsidiary				
- Interest expense	55,107	46,599	55,107	46,599
- Rental income	1,500	4,500	1,500	4,500
- Deposit with us	1,118,344	1,196,342	1,118,344	1,196,342
C. Off-balance sheet facilities (Other related parties)				
1. 80% cash margin/ lien (Amara Communication Company Ltd.)				
i. Performance Guarantee	5,362,000	-	5,362,000	-
ii. LCs	8,041,000	-	8,041,000	-
2. 100 % cash margin/ lien (Performance Guarantee)				
i. Future Creator Group Construction Company Ltd.	2,167,305	-	2,167,305	-
ii. IGE Land Company Ltd.	9,000	-	9,000	-
iii. IGE Power Company Ltd.	540,863	-	540,863	-
iv. IGE Service Company Ltd.	42,729	-	42,729	-
v. International Power Generation Public Company Ltd.	7,915,782	-	7,915,782	-
vi. United National Oil and Gas Company Ltd.	7,940	-	7,940	-



Leading Change and
Humanising Banking