

# ANNUAL 2020 REPORT

Leading **Change** and  
Humanising Banking



# About Our Report

Since its inception in 2010, **uab** has been committed to build a sustainable business for its stakeholders. We actively and frequently engage our stakeholders in order to establish long-term value and humanise our approach to business. The recent COVID-19 pandemic has had its effect on the economy in Financial Year 2020 and together with the political crisis in Myanmar in Financial Year 2021 further present challenges to many businesses. In this Annual Report 2020, we cover how the Bank continues to enhance its ability to create value over the short, medium and long term despite the pandemic and the efforts to build a strong balance sheet to face the challenges of 2021.

In the 2020 Annual Report, our financial and non-financial narratives will cover the period from 1<sup>st</sup> October 2019 to 30<sup>th</sup> September 2020. We report on the achievements and goals that create value in the short and long term and various other corporate governance issues. This transparency will enable various stakeholders to make informed decisions.

## Reporting Scope and Boundaries

1. The financial statements in the report have been independently audited and provide an in-depth and complete summary of the bank's financial performance over the course of the year.
2. The reporting criteria were governed by the obligations of standards and reporting systems, particularly those of the Central Bank of Myanmar.
3. This report is available online at <https://www.uab.com.mm/annual-reports/>

## Materiality Determination

Through the Annual Report, **uab** engages shareholders and all other stakeholders by presenting a balanced and accessible assessment of our strategy, performance, governance and prospects. The various issues and developments included in the 2020 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 Content

## 1. Overview of uab

- Who We Are
- What We Do
- Awards & Accolades

## 2. Our Achievements

- 2020 – Rise Above Stronger & Better
- Business Highlights
- Financial Highlights

## 3. Reflection from Top

- Chairman's Message
- Letter from CEO
- Board of Directors
- Leadership Team



#### 4. Our Competitive Edge

- Corporate Governance
- Internal Control & Risk Management
- Human Capital
- Sustainability

#### 5. Strong Financials

- Corporate Information
- Directors' Report
- Independent Auditors' Report
- Financial Statement & Notes



Overview of uab

# Who We Are

uab is a leading bank in Myanmar, recognised for its successful transformation and leadership in the Myanmar banking sector. Through its consistent efforts, uab bank was ranked No. 1 in the 2020 Pwint Thit Sa (TiME) Report, “Myanmar’s Best Bank” by Euromoney, “Best Bank for Corporate Governance Myanmar” by Global Banking & Finance.

We believe in leading the way towards a better Myanmar by connecting people, embracing change with strong corporate governance and sustainability.

One of the most important prongs of that vision is uab’s digital strategy – notably the determination to embrace technology, reimagine the customer journey, and make the bank’s culture more entrepreneurial.

In year 2020, we celebrated 10 years of serving our customers.

By end FY 2020, we served our customers from a network of 78 branches in 47 townships across Myanmar, complimented by an array of electronic banking and digital apps.





# Our Corporate Milestones



*Initial years of establishment saw the building of the foundations of the bank under the banner “Safe, Sound, Trustworthy”.*

## 2010 - 2011

- Incorporation of **United Amara Bank Limited**
- Opened 1<sup>st</sup> branch in Naypitaw
- Yangon Head Office established at Pwint Thit San Building
- 1<sup>st</sup> Yangon branch established in Latha Township

## 2012 - 2013

- Trade Finance Center established
- ATMs rolled out
- Centralised Core Banking Solution implemented

## 2014 - 2016

- Internet banking rolled out
- Partnership with Asian Development Bank on Trade Program

## 2017

- Visa Credit Cards launched
- “Be the Change Myanmar” initiative launched





***By 2017, uab bank accelerated its growth with new strategies and business model and adoption of a refreshed Purpose, Mission and Values.***

### **2018**

- Launch of Union Pay International Debit Cards
- Partnership with JICA on 2-step loan for SMEs
- Bank's new Purpose, Mission and Values adopted signifying the start of new branding changes

### **2019**

- New uab logo unveiled
- Name change to uab bank Limited adopted
- uab mobile banking launched
- Longer term Home Loans launched
- Head Office relocates to uab Tower@ Times City

### **2020**

- uab carnival - Grand Opening of uab Tower @ Times City
- Launch of SaiSai Pay app
- Launch of uabpay app
- Launch of Celebrity Visa Cards
- Celebrating 10<sup>th</sup> anniversary with on-line link across Myanmar and rice donation
- uab bank ranked No. 1 in the 2020 Pwint Thit Sa Report



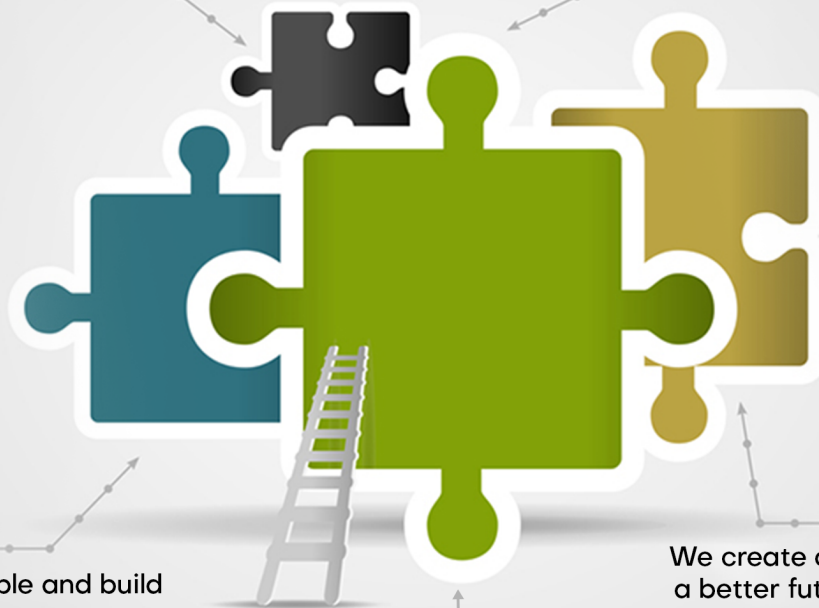
# What We Do

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

## Our Mission

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 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 staffs 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 wide range of financial services for all type of customers from various sectors and together with our subsidiary, uab securities provide a complete range of investment banking products.

The segments where uab provides financial facilities are: -

## 1. Retail & SME Banking

Retail provides Personal and SME Banking customers with financial solutions essential for them to achieve their financial goals and aspirations. Our products and services include deposits, insurance, secured and unsecured loans, investment, treasury and various cards. We also provide our SME Banking customers with trade financing solutions to help them manage their import and export business and to support their growth ambitions. Our customers can easily access our services across our network of branches, automated teller machines (ATMs), and internet and mobile banking platforms.

In 2020, we launched our digital apps under the brand of SaiSai Pay and uabpay which signalled our new thrust into fintech. The digital business will increasingly play an important part in our reaching into the Retail and SME segment.



## 2. Corporate Banking

Corporate Banking provides a full range of business banking solutions and services for Corporates, aiming to be a key solution partner to businesses in Myanmar. Corporates generally have more complex business needs and personalised and long-term relationships are the key to how we conduct Corporate Banking. Customers are assigned dedicated Relationship Managers who will serve them through the different life-stages of their business and provide tailor made solutions.

# What We Do

Facilities offered include working capital financing, commercial loans, treasury management, cash management and international trade finance,

## 3. Treasury & FI

Treasury offers customers a variety of financial services such as forex, hedging and cross currency swap. Apart from those services, it also deals with other banks for interbank lending/ borrowing and it connects with Central Bank of Myanmar for investments in government treasury bond and bills.

Treasury monitors the liquidity of the bank and ensures that all liability obligations are met. It also ensures efficient use of capital and funding.

Financial Institutions (FI) Dept builds and maintains the good relationship with both financial institutions and other Institutions. Apart from other banks, other institutions include micro finance companies, insurance companies, stockbrokers and NGOs. For these institutions, FI provides support for their cash management, fund transfer and financing needs.

## 4. Transaction Banking

Transaction Banking supports both SMEs and Corporates in their trade finance needs particularly with import, export and international money transfers. They arrange for letters of credit, documentary collection and SWIFT payments for businesses.

For retail customers, Transaction Banking handles payments over the counter and through accounts for Western Union and RIA Money Transfers facilitating easy worker remittance transfers.

Supply chain financing is also arranged for businesses, and this is designated to help customers to efficiently manage their cash inflows and outflows and support the entire supply chain flow between customers and business partners through Receivable Discounting and Payable Finance Solutions.

## 5. Bancassurance

An exclusive bancassurance partnership with Manulife has been arranged to help families in Myanmar make better financial decisions, protect themselves and plan for their children's education.

Various life insurance schemes presently available are:

- Manulife Protector
- Education Life
- Credit Life Protector

We continue to develop new schemes for customers.



uab securities is a subsidiary of uab bank, one of the pioneer investment banking houses to be granted license by the 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”)

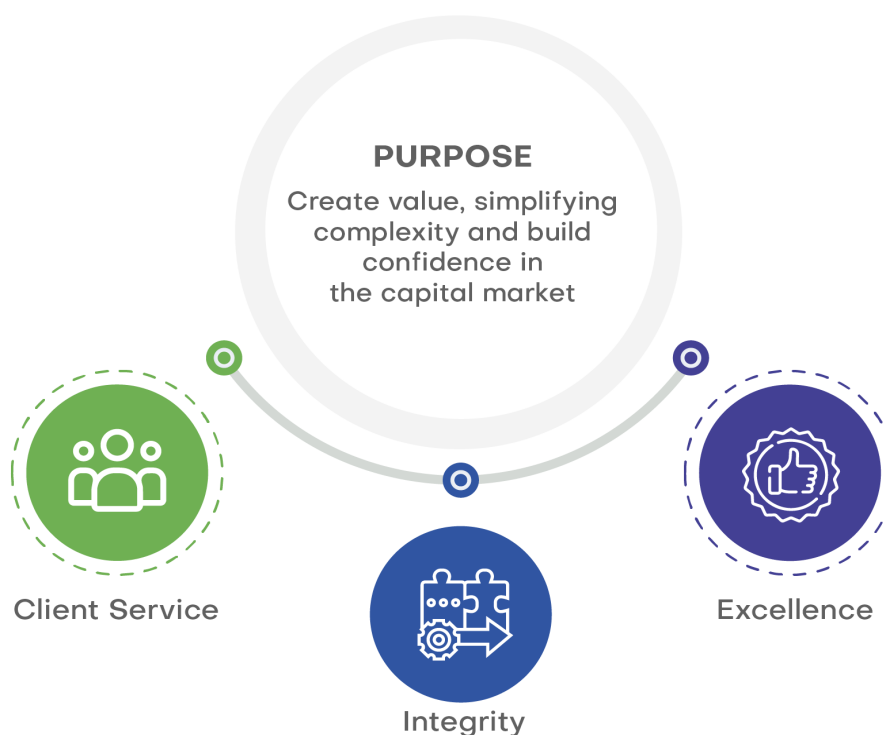
and private placement

- Business valuation
- Corporate and debt restructuring
- Debt financing solutions

### Diversifying products and services

uab securities evaluates opportunities to introduce new products and services through examining the needs of the clients that are adjacent to existing businesses, capitalising on the connectivity and strength.

In Securities Trading, uab securities is proud to have introduced a new product into the market – **Myanmar Government Treasury Retail Bond**. The benefit is twofold as the business is able to add a new revenue stream for the company and also provide access for the public to invest and participate in a safe investment which is backed by the Government of Myanmar. uab securities will continue evaluate opportunities to diversify and increase revenue stream.



# Awards & Accolades

# RISE ABOVE

MYANMAR'S BEST BANK  
BY EUROMONEY





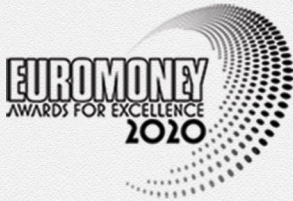
**PWINT THIT SA**

Transparency in Myanmar Enterprises

### # 1 In Myanmar

#### 2020 Pwint Thit Sa Report

- . Most Transparent Large Company
- . Most Transparent Bank



Myanmar's Best Bank

#### Euromoney Awards for Excellence 2020

- . Myanmar's Best Bank



#### Retail Banker International

- . Best Retail Bank Myanmar 2020



#### AMCHAM CORPORATE SOCIAL RESPONSIBILITY EXCELLENCE (ACE)



#### 10<sup>th</sup> Global Banking & Finance Awards

- . Best Retail Bank Myanmar 2020
- . Best Bank for Corporate Governance Myanmar 2020
- . Best CSR Bank Myanmar 2020
- . Banking CEO of the Year Myanmar 2020



#### Corporate Excellence & Sustainability Awards (ACES)

- . Outstanding Leaders in Asia

# Business Highlight

 **+7%, MMK 15.6 BIL**  
Record PAT



**uabTower @Time City**  
60,000 square feet of innovative, modern New Head Office

 **Digitalisation & Financial Inclusions**

introduced innovative digital wallets and mobile applications  
**SaiSai Pay, uabpay, uabpay+, Zeegwat+, Celebrity visa gift cards to customers**

 **Corporate Social Responsibility**

**30,000 Rice Bags**  
donation for 10<sup>th</sup> year anniversary

**MMK 80.2 mil Crowd Funding**  
initiated Covid-19 prevention campaign with SaiSai Pay

**MMK 40 mil Funding**  
for Covid-19 staff quarantine support

**MMK 19.8 mil Bursary**  
for 96 children of uabians

**Collaboration with WWF**  
drive sustainable future for Myanmar's banking sector

 **Strategic Partnership**

Pioneered the first “Banking by the way” concept in Myanmar with strategic partnering with **Tealive** at Shwegondaing, Sanchaung, and Tamwe branches

Exclusive partnership with **Manulife** for provision of bancassurance

**Awards and Accolades**

 Myanmar's Best Bank Award from **Euromoney**

 No.1 in 2020 Pwint Thit Sa Report from Myanmar Center for Responsible Business

 4 prestigious awards from **Global Banking & Finance Awards**



# Financial Highlights *(Group)*



## Profit After Tax

MMK **15.6** billion ▲ 7%



## Total Deposit

MMK **1.1** trillion ▲ 11%



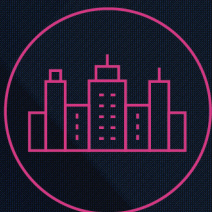
## Loan

MMK **820** billion ▲ 10%



## Total Income

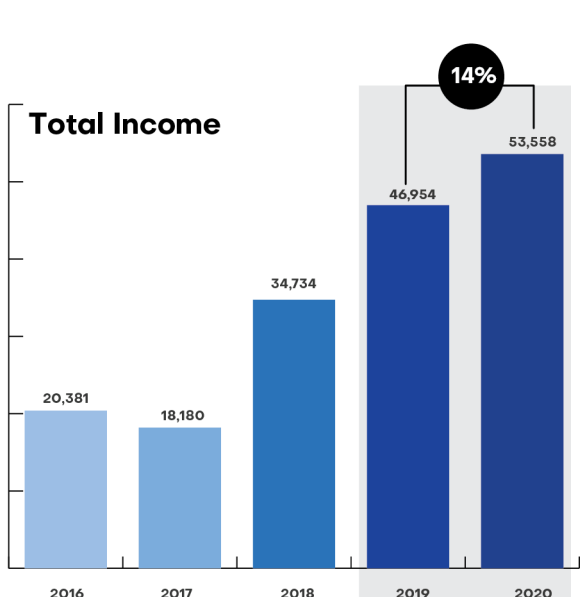
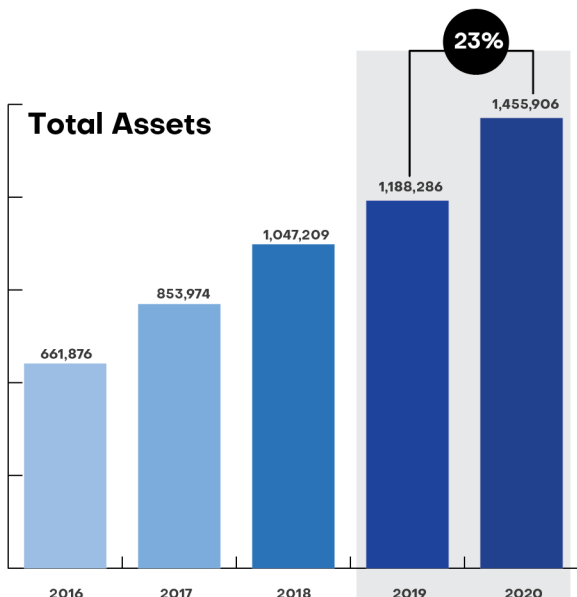
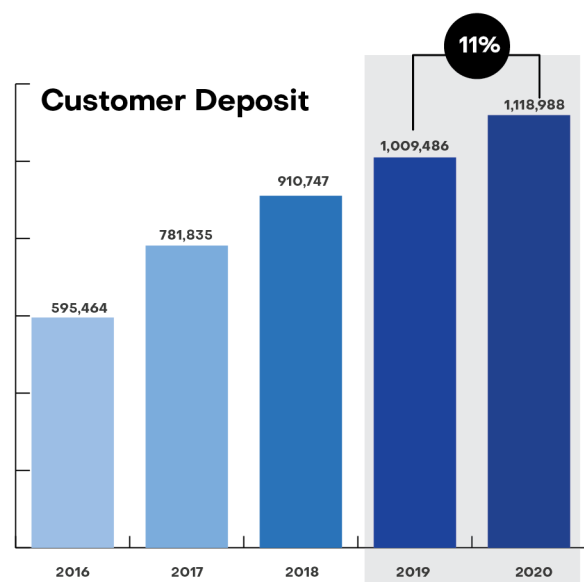
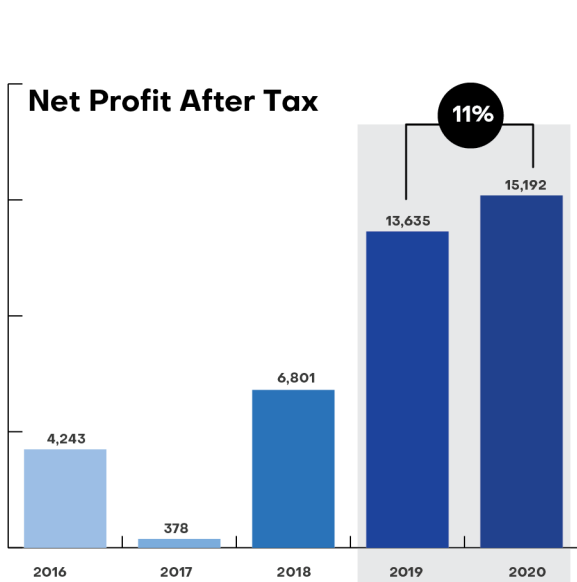
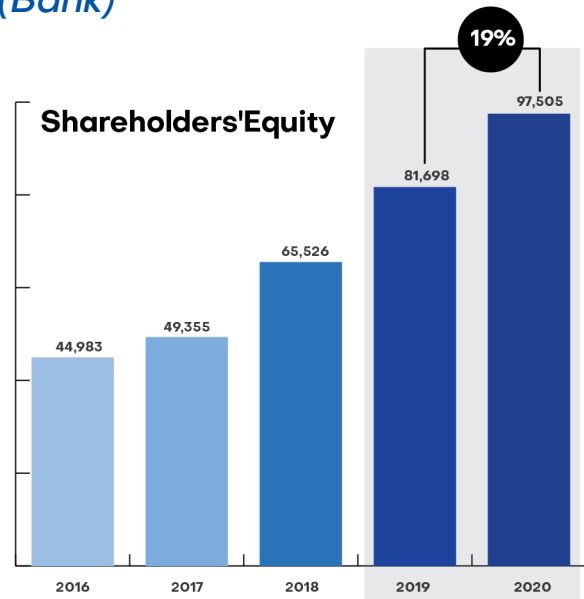
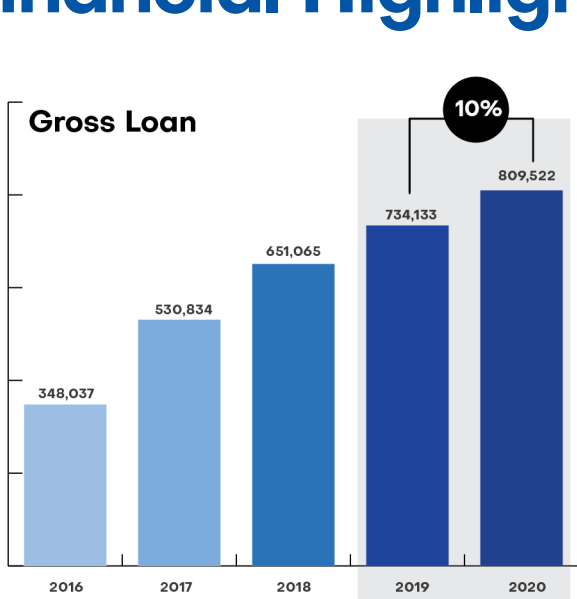
MMK **54.7** billion ▲ 12%



## Total Assets

MMK **1.5** trillion ▲ 22%

# Financial Highlights *(Bank)*



# Financial Summary



	uab bank Limited (Bank Only)				
	2016	2017	2018	2019	2020
	Apr-Mar	Apr-Mar	Oct-Sep	Oct-Sep	Oct-Sep
<b>Financial Summary</b>					
<b>Selected Income Statement Items (MMK Million)</b>					
Total Income	20,381	18,180	34,734	46,954	53,558
Total Expense	14,724	17,676	24,506	24,167	27,727
Operating Profit <sup>1</sup>	5,657	504	10,228	22,788	25,831
Net Profit After Tax <sup>2</sup>	4,243	378	6,801	13,635	15,192
<b>Selected Balance Sheet Items (MMK Million)</b>					
Net Customer Loans	348,037	530,834	651,065	734,133	809,522
Customer Deposits	595,464	781,835	910,747	1,009,486	1,118,988
Total Assets	661,876	853,974	1,047,209	1,188,286	1,455,906
Shareholders' Equity	44,983	49,355	65,526	81,698	97,505
<b>Key Financial Indicators (%)</b>					
Cost to Income Ratio (CIR)	72.2%	97.2%	70.6%	51.5%	51.8%
Non-performing Loan Ratio (NPL)	1.05%	2.05%	4.83%	4.93%	5.60%
Return on Average Equity (ROAE)	9.5%	0.8%	11.8%	18.5%	17.2%
Return on Average Assets (ROAA)	0.7%	0.0%	0.7%	1.2%	1.2%
<b>Capital Adequacy Ratio (CAR)</b>					
Tier 1 CAR	10.4%	6.4%	7.4%	8.5%	9.4%
Total CAR	11.0%	8.2%	7.9%	9.0%	10.0%
Liquidity Ratio	37.8%	28.5%	22.3%	24.2%	30.4%
Reserve Ratio	5.8%	5.3%	5.6%	6.3%	6.0%

1. Operating Profit before allowances

2. Relates to the amount attributable to equity holders of the Bank

Reflection from top

# Chairman's Statement

---

**It's our 10th Year Anniversary.**

**Happy Decennial Birthday uabians and THANK YOU to all stakeholders.**

**What a journey...from just a humble beginning.**

**Today, we stand tall and proud – Best Bank in Myanmar, Most Transparent Bank in Pwint Thit Sa Report, Most Outstanding Leadership and Management Team, Best Company to Work In Myanmar, Best Office Design, Best Corporate Social Responsibility...and many more.**

**We are unstoppable.**

**I am honored!**



# Chairman's Statement

## A Year of Redefining

The year started with a positive note.

We were **Rebranded, Refreshed** and fueled with passion to reach greater heights on **Revenue Growth and Rise Above** as chartered in our Strategic Business Plan 2025.

like tourism, hospitality and airlines were at complete standstill and consumer sentiments was shaken to the core.

Humanity faced the crisis of a generation – roiling lives and livelihoods.



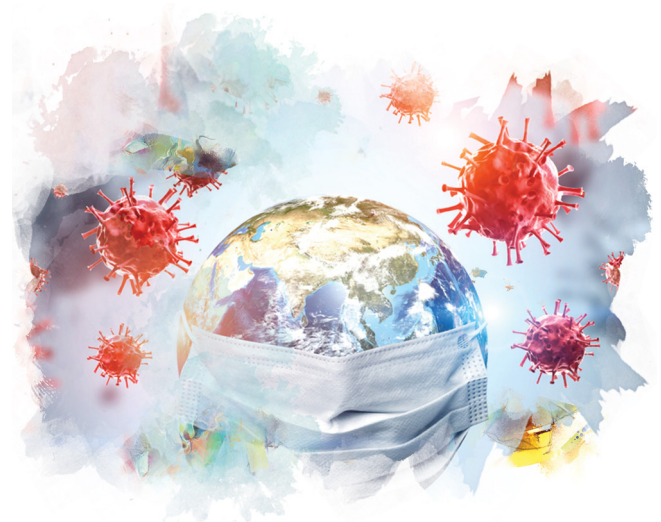
Launching the first gear was relocation of our Head Office to uab Tower @ Times City, a 60,000 sq feet ultra-modern and innovative workspace at the heart of Yangon.

This was celebrated with a Grand Opening and inking of several strategic collaborations with our international partners – setting the stage for our new technology foray, new businesses ventures and sustainability initiatives.

However, fast forward a few months, the world took a shocking turn.

Covid-19, caused by a highly contagious and deadly respiratory virus, was announced as pandemic, leading to an unprecedented “Great Lockdown” across nations and the world that plunged the global economy into recessions – global equity markets tumbled, economics growth forecasts were slashed rapidly, industries

Against the backdrop of these economic emergencies, Governments and Central Banks across the world rolled-out various economic stimulus packages and implemented steep interest rate cuts to provide assistance and relief to the affected individuals and businesses.



On this front, **uab** was quick – lowering the cost of lending, adjusting the loan repayment period, extending financial assistance, helping our customers to perform banking digitally and providing other supporting initiatives to help our customers weather this storm.

In short, 2020 was also a testimony of **uab**'s ability and resilience to remain true to our purpose *in Leading Change and Humanising Banking* – standing alongside our customers and society, helping them to navigate the challenges and emerge stronger post Covid-19.

### Continue To Deliver Value

Myanmar's economy in 2020 is not an exception. It contracted alongside global economies, largely due to the impact of movement restrictions that were imposed to contain the spread of the pandemic, together with subdued consumer sentiments and border closures.



In the span of 2 months, Central Bank brought down the reference rates by a whopping 300 bps, while we see business struggle with repayments as most businesses are severely affected by the lockdowns.

Fortunately, amidst such a turbulent time, **uab** continued to demonstrate remarkable resilience. Despite net interest margin compression, loan moratorium, slower business activity and overall economic contraction, we achieved a net profit of **MMK 15.6 bil – a new uab's record – on the back MMK 1.5 tril Total Assets.**

Our capital and liquidity positions remain strong at 10.0% and 30% respectively – amongst the highest in the market, lending full confidence to our customers to continue banking with us.

To further safeguard the interest of all stakeholders especially our depositors, we also took a prudent move to bolster our loan provisioning, lending us a good cushion for any unfavourable circumstances if situations continue to deteriorate.

### Navigating the Covid-19 Pandemic

Many would view 2020 purely as a disruptive year. However, for **uab**, it was a year for us to reinforce our relationships, an opportunity to standby our customers and a responsibility to the community at large for uninterrupted financial access. It was also a year for us to work with our stakeholders to strategise recovery plan to emerge stronger and more resilient for the future.

The pandemic has impacted people the most. Physical isolation, economic strain, fear of income loss and uncertainties took a toll on many people's health and well-being.

At **uab**, our priority since the pandemic has been to ensure our customers are safe-guarded and our people remained safe and employed to support their career and families.

Our foresight since Year 2017 on investment and adoption of technology by our workforce and

# Chairman's Statement

at our workspace became crucial – making it almost seamless transitioning to the “work from home” environment.

This in turn became a critical winning factor in ensuring business continuity – productivity remained high, customers are constantly engaged and supported and health and safety measures are being observed more effectively during the periods of the lockdown and pandemic.

As a result – favorable financial performance.



## Advancing Sustainability

The Covid-19 pandemic has been a wake-up call and marked a significant influence on our ongoing sustainability journey. It inspired a re-evaluation of what is really important to us especially during major and pro-longed crisis period like this. To some extent, our commitment and responsibilities to the people and the community we serve are way more important and meaningful than profits itself.

The Board is committed to deliver a sustainable and profitable business which contributes positively to our various communities and sustains the environment where we operate in.

We have made significant progress and they are listed out in the Sustainability Statement section in later pages and Sustainability Report 2020 on our website.

Our journey will continue to centre on our mission of Humanising Banking and see us placing our customers and the community foremost in everything we do.

## Embracing Good Governance

The Bank is run on the philosophy that good governance is essential for the long-term sustainability of the business. It is a source of great pride that in the **2020 Pwint Thit Sa Report** published by the Myanmar Center for Responsible Business, **uab** was ranked 1<sup>st</sup> – The Most Transparent Bank and Company in Myanmar.

Our priority has always been to ensure effective, inclusive and proactive risk and governance mechanisms.

On one hand, the Management is given full executive authority to mobilise decisions to enable and direct change necessary to keep our people, operations and performance at their optimal levels. On the other hand, the Board





maintain an active oversight role, looking beyond the immediate responses that could impact the Bank in the long run and provide the necessary guidance and challenges on our strategy.

On this end, I feel privileged to have been able to witness the significant progress **uab** have made since the early days, particularly in building a robust business model and strong Corporate Governance structure, which is acknowledged by various prestigious local and international platforms.

Together with my fellow Board members, we believe **uab** has matured and ready for more transformations and enhancements to its governance structure including the establishment of a more independent Board to lead it into the future.

### Words of Appreciation

I would like to take this opportunity to thank our stakeholders – the regulators, our peers and

partners, as well as our customers – for your continued support which has been invaluable to the many successes we have enjoyed to-date and enable us to continue creating value for the community.

To all uabians, particularly our frontliners at the branches who continued to serve our customers throughout the critical times, my most heartfelt thanks for your extraordinary commitment, professionalism and unity.

I would also like to extend my appreciation to my Board members who have worked judiciously in the various Board Committees, as well as the Management Team led by Christopher Loh and Kyawt Kay Khaing for demonstrating the maturity, tenacity and dedication to Rise Above during this challenging time together.

***Stay Safe, Stay Strong and Take Care***

**Ne Aung  
Chairman**



# Letter from CEO

---

**Year 2020 will go down the history as one of the most tumultuous and momentous year – a year of change and transition – the way we live, we work, we communicate to almost all aspects of our lives.**

**Yet it is a year that uabians have come together and shown resilience, commitment and have risen above.**



Reflection from top

# Letter from CEO

Year 2020 in Review



On Mar 11, the World Health Organisation (WHO) formally declared Covid-19 a pandemic. By Apr-May, more than half of the world population were locked down at home – unimaginable yet a reality that plunged lives and livelihoods into a still-unfolding crisis.

A new dictionary of words quickly formed – lockdown, quarantine, work from home, social distancing, herd immunity, new norm...to the more scientific ones of Beta, Delta and so on while daily reports of outbreaks continue to heighten anxiety and fear of income and job loss, threats to health and lives as well as far away from families and friends.

With the falling of global demand, lower commodity prices, supply chain disruption, weaker domestic demand and labour market dislocation, Governments across the world rolled out trillions of stimulus programmes to revive contracting economies – with increased health related spending, tax reliefs, financial aids for the affected and low income groups, job related subsidies and grants to various businesses.

Central Banks also played instrumental role by utilising policy levers such as policy rate cuts to cushion economic impact and encourage spending.

Closer at home, Covid-19 Economy Relief Plan (CERP) was promptly rolled-out, offering reliefs and various recovery initiatives – including tax credits for businesses, food and cash vouchers to households, lower bank interest rates, as well as policies to facilitate trade and investments.

On top of that, Central Bank reduced benchmark interest rates by a total of 300 bps, sending the basic deposit rates to 5% (from 8%), collateralised loans to 10% (from 13%) and non-collateralised loans to 14.5% (from 16%) respectively.

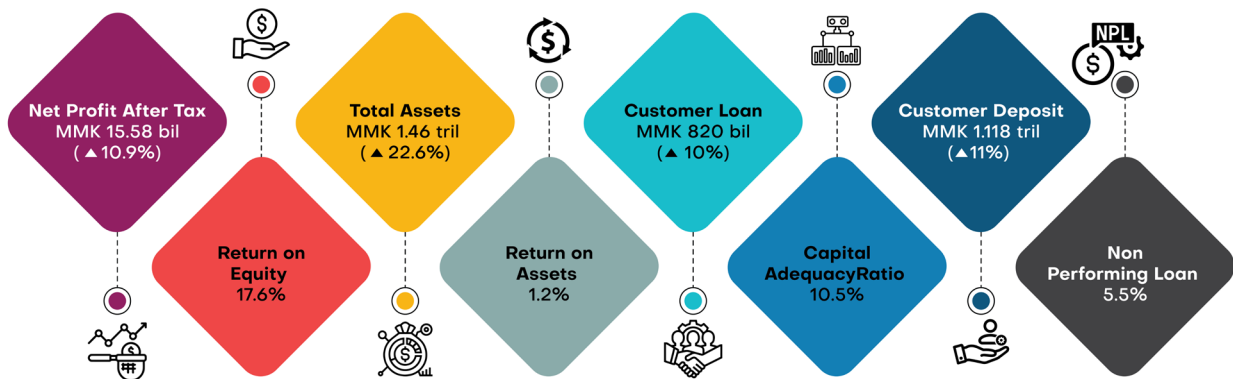
Central Bank has also relaxed the minimum reserve requirement from 5% to 3% and other regulatory requirements like Liquidity Ratio to strengthen the liquidity of banks and the market.

## Solid and Resilient Performance

Despite the challenges, we continued to deliver another year of solid performance. **Group's Profit After Tax increased to MMK 15.6 bil.** This results testified to our robust business model and optimised balance sheet management that worked well even during unfavorable time.

**Total Operating Income** for the bank jumped **14% to MMK 53.6 bil** while Total Operating Expenses increased 15% to MMK 27.7 bil. The higher Operating Cost was part of our Rebranding and Transformational spend that proved to be critical investment that have strengthened the Bank's resilience and helped us to serve our customers in the new normal.

**Both Customer Deposits and Loan recorded**



double digit growth of 11% and 10% respectively bringing our book to MMK 1.1 tril and MMK 820 bil.

Our Capital and Liquidity positions remained one of the strongest in the industry, at 10% and 30% respectively, while our NPL ratio is well managed at only 5.6% even during this turbulent time.

In short, the growth rate and key ratios all pointed to one important fact – resilience, consistency and sustainability.

### Our Response to Covid-19

We believe that banks have an integral role in supporting real people, real lives, real economies, and sharing the pain in a downturn. With the same belief, **uab** was committed and lent out our hands and hearts to all fronts.

**For Our Customers** – During the lockdown, our extensive digital offerings enabled customers to bank with us in an uninterrupted manner from the safety of their homes – “mobile”, “contactless”, “seamless”.



Reflection from top

## Letter from CEO

Mostly in-house developed – SaiSai Pay, uabpay, uabpay+, Mobile Banking, Internet Banking, Visa Celebrity Cards, online Loan Application, online account opening, online branch appointment and many more are launched during this challenging time to create a digital lifestyle ecosystem including funds transfer, utilities bills payment, live-streaming, music store, e-commerce, donations, and rewards.

We are also the first in the market to offer Loan Moratorium to affected customers. We proactively engaged with them especially the Corporate and SMEs to extend financial assistance via relief programmes, and restructuring and rescheduling solutions that best suited their needs.

**For Our Staff** – uab’s leadership in digitalisation enabled the Bank to pivot quickly to a work-from-home model for the vast majority of employees, while still maintaining business continuity.

To ensure employee morale remained strong, we kept the engagement addressing the physical, emotional and mental well-being of our people.

Not only did we pledge not to lay-off any staff during the course of the year, we also continued paying full salary, performance bonuses, providing promotions and hiring new staff, including fresh graduates.

While we have taken the necessary precautionary measures across our premises, we have had some employees who contracted the virus. Through our Crisis Control Unit (CCU), we provided full support to ensure their recovery and also reinforced the safety of the affected premises with thorough sanitisation in accordance with the safety and health guidelines.

**For the Community** – We immediately initiated MMK 20 million donations to Covid-19 Prevention Committee of Myanmar Bank Association in March 2020.

Apart from that, we also donated medical kits and PPE to Kalaw Hospital and carried out various donation drives through different touchpoints like our branches and our digital platform Sai Sai Pay, where we managed to raise close to MMK 100 mil fund to help the people in need.



Through uab Foundation, the Bank also embarked on a number of projects focusing on supporting the community during the pandemic. Amongst all, uab's Rice Donation – which was carried out nationwide on the same day at the Head Office and 78 branches across the country was the most significant one.

More than 30,000 families benefited from this drive.

Rice is the staple food for the people in Myanmar. During the lockdown, some of them especially the daily wagger workers and those

pace of economic recovery will be uneven and massively divergent across countries. In Myanmar, the situation is even more complex and complicated by the ongoing political crisis.

For one, the pandemic has dramatically accelerated digital consumption demand. In line with this, we will continue investing to build on our digital capabilities – differentiating ourselves through digitalisation and data analytics to better understand and serve our customers while capturing new business opportunities.

Against the backdrop of accommodative



in the affected industries are completely out of income for months. These precious bags of rice and other necessities at least brought some smile and provide some relief to them.

Additionally, the rice were purchased directly from the farmers to ensure that the impact of our purchase directly benefited the farmers which are equally affected due to the logistics disruptions and border closures.

### Going Forward

Uncertainties stemming from Covid-19 related issues will continue into the future and the

monetary policies, we also anticipate that the interest rate environment in our home market will remain relatively unchanged, hence resulting in a flattish net interest margin trend for 2021.

We will leverage on fee-based income opportunities, driving our bancassurance, transaction banking and foreign exchange while accelerating product rollouts on our digital platform to increase market penetration and revenues.

Meanwhile, we will continue to strengthen our capital and liquidity position, over a potentially

Reflection from top

# Letter from CEO

weakening credit environment, focusing on alternative and low-cost funds in the form of CASA and also optimising our funds to drive efficiency and monitoring asset quality for early care and management.

## Acknowledgements

Year 2020 was momentarily challenging, yet uab has emerged intact and stronger.

For this, I would like to express my heart-felt gratitude to all our stakeholders: -

- customers and business partners for your loyalty and understanding. **uab** will continue to stand by you
- regulators, authorities and peers for your good guidance, prompt response and support during these challenging times
- Chairman and Board members, for your wise counsel and insights, which has been particularly valuable in these times of financial and social stress

- fellow colleagues in the Management Committee who have collectively stood by me and the Board of Directors in ensuring our business continues to grow and our operations are uninterrupted throughout these trying times

To all uabians, **THANK YOU and kyay zuu tin par tal** for your dedication and monumental effort in staying course and stand by uab. Your hard work, dedication and sacrifice in a year that has been extremely unpredictable and uncertain have been exemplary.

The storm has yet to pass.

We shall continue to charge on and Rise Above to **Leading Change and Humanising Banking** for the people and the country.

**Together We Thrive**

**Christopher Loh**  
**MD & CEO**







Reflection from top

# Board of Directors





# Profile of the Board of Directors



## U Ne Aung

Chairman / Non-Executive Director

**Date of Appointment : 14 June 2010**

**Age : 53**

U Ne Aung is the Founder and Non-Executive Chairman of uab bank and since the founding of the Bank in 2010, has guided uab bank through its development, ensuring that the Board plays its role in the oversight of the Bank's progress and growth.

His vision is to create a "World Class Myanmar Bank" and being a seasoned business leader with a strong track record of leading, his knowledge and operation experience both in banking and industry brings wisdom and sound decisions to the board room.

Humanising Banking is very close to U Ne Aung's heart. Under his guidance, uab bank is empowering people, particularly at the bottom of the pyramid in Myanmar through its holistic initiatives. U Ne Aung believes that the true measure of the performance is in value creation and the Bank's vision for sustainable and equitable prosperity extends beyond financial services.

### **Academic and Professional Qualification**

- Bachelor of Science in Chemistry, University of Yangon
- Directors Certification Program (DCP)
- Directors Certification Program (MloD)
- Institute of Director, IOD, Thailand

### **uab Board Committees Served On**

- Board Advisory & Strategy Committee

### **Length of Service as a Director**

- 10 years



## Daw Khin Moe Nyunt

### Non-Executive Director

**Date of Appointment : 14 June 2010**

**Age : 52**

Daw Khin Moe Nyunt is a member of the uab bank board of directors and the co-founder of the Bank. She is a passionate benefactor who has a long history of supporting literacy, children's healthcare, and culture, among other initiatives.

She initiated a campaign to find exceptional individuals from low-income households and raise funds to send them abroad for any further education.

She subsequently devoted her concern to Yangon's Monastic Education Centre, which offers abandoned adolescents with accommodation, meals, education, and healthcare, mostly coming from areas of conflict in Myanmar.

Under her supervision, the foundation has continuously assisted the center, including the establishment of a five-story building to accommodate over 200 kids and equipped with beds, storage, and other utilities in accordance with ensuring conformity for childcare centers.

Daw Khin Moe Nyunt is also a member

of the Myanmar Women's Entrepreneurs' Association (MWEA) and the Myanmar Women's Affairs Federation (MwAF), where she endorses programs for alleviating poverty and microfinance.

She brings to the Board a strong sense of Corporate Social Responsibility and attention to Governance.

#### **Academic and Professional Qualification**

- Bachelor of Science in Botany, University of Yangon
- MBA in Banking & Finance, Management Development Institute of Singapore (MDIS)
- Master's degree in Development Studies, Yangon Institute of Economics
- MBA in Economics, Yangon Institute of Economics
- Awarded 3<sup>rd</sup> for the Applied Business Projects 2018–2019, Bangor University, UK
- Directors Certification Program (DCP), Thai Institute of Directors Association
- Directors Certification Program (MIoD)

#### **uab Board Committees Served On**

- NIL

#### **Length of Service as a Director**

- 10 years

# Profile of the Board of Directors



**U Than Win Swe**  
Non-Executive Director

**Date of Appointment : 14 June 2010**

**Age : 54**

U Than Win Swe served as the Bank's CEO from its inception in June 2010 until August 2016. Thereafter, he was continued to serve as a non-Executive member of the Board.

Under his management, the Bank received several financial service awards, including 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 the Asian Development Bank – Trade Finance Program, among others.

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

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

#### **Academic and Professional 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.
- Directors Certification Program (DCP), Thai Institute of Directors Association
- Directors Certification Program (MIoD)

#### **uab Board Committees Served On**

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

#### **Length of Service as a Director**

- 10 years



## U Sein Win

Non-Independent Director

**Date of Appointment : 29 July 2016**

**Age : 71**

U Sein Win is an executive member of the Myanmar Accountancy Council and the Myanmar Institute of Certified Public Accountant.

In March 2019, uab bank appointed U Sein Win as a non-Executive Senior Independent Director and he has since been providing the necessary independence and judging impartiality to the Board.

He has more than 48 years of deep executive experience in finance and auditing. He was formerly the Deputy Assistant Director of the Ministry of Finance's Budget Department and Deputy Minister of Finance. He was also chief accountant at the Ministry of Mines.

In 1997, U Sein Win went into private service and founded his own audit and consulting firm, Sein Win & Associates.

He is a well-respected figure in the Accounting and Auditing field for his high degree of integrity, commitment and professionalism.

### Academic and Professional Qualification

- Bachelor of Commerce, Yangon Institute of Economics
- ASEAN Chartered Professional Accountant
- Certified Public Accountant (MICPA)
- Directors Certification Program (DCP), Thai Institute of Directors Association
- Directors Certification Program (MIoD)

### uab Board Committees Served On

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

### Length of Service as a Director

- 4 years

# Profile of the Board of Directors



**Daw Hnin Hnin Aung**  
Non-Executive Director

**Date of Appointment : 29 December 2017**

**Age : 48**

Daw Hnin Hnin Aung joined the Board of Directors in December 2017 and is currently a non-executive director. She brings over 20 years of financial and industrial experience to the Board, having served in various capacities in a variety of industries.

Daw Hnin Hnin Aung is an outstanding and accomplished business woman and is currently involved in the board of several private companies, primarily in the export, construction, and power sectors.

She is amongst Myanmar's most experienced career women and helps to bring effectiveness into the Board ensuring high quality oversight and decision making.

#### **Academic and Professional Qualification**

- Bachelor of Science in Industrial Chemistry, University of Yangon
- Master of Business Administration, Yangon Institute of Economics
- Directors Certification Program (DCP), Thai Institute of Directors Association
- Directors Certification Program (MIoD)

#### **uab Board Committees Served On**

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

#### **Length of Service as a Director**

- 3 years





## U Thant Zin

Non-Executive Director

**Date of Appointment: 29 December 2017**

**Age: 46**

Since December 2017, U Thant Zin has served as a Non-Executive Director on the Board of uab bank. From 2011 to 2017, U Thant Zin was the Chief Operating Officer of the Bank.

Under his management, uab bank was named Myanmar Domestic Technology & Operations Bank of the Year 2016 by Asian Banking and Finance Awards, as well as other financial services awards from prestigious international institutions.

U Thant Zin now serves on the boards of various enterprises involved in trading, construction, and real estate. He has a good rapport with business leaders from a variety of industries.

In a Non-Executive role, he offers to the Bank, 22 years of industry and banking expertise and has been crucial in providing oversight of the Bank's risk profile and its risk-return portfolio over the last few years.

### Academic and Professional Qualification

- B.Sc. (Physics), University of Yangon
- Master of Business Administration, Yangon Institute of Economics
- Diploma in Business Law (DBL), University of Yangon
- Diploma in International Law (DIL), University of Yangon
- Diploma in International Relation (DIR), University of Yangon
- Diploma in Global English, University of Yangon
- Directors Certification Program (DCP)
- Directors Certification Program (MIoD)

### uab Board Committees Served On

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

### Length of Service as a Director

- 3 years

# Profile of the Board of Directors



## Christopher Loh

Managing Director &  
Chief Executive Officer

**Date of Appointment : 29 December 2017**

**Age : 44**

In September 2017, Mr. Christopher Loh was appointed Managing Director and Chief Executive Officer of uab Bank. Before joining uab Bank, he held multiple top executive positions at RHB Banking Group, including Group Chief Strategy Officer, Chief Executive of International Business, and Deputy Group Chief Risk Officer.

He was also a partner at a global management consulting firm, where he revolutionized the business and risk capacities of regional and global financial institutions in Asia, the Pacific, the United States, and the United Kingdom. He relocated to Asia after working for a big UK financial firm in London to help establish and lead a very sound risk management practice, where he was the managing director before his departure. He has also worked for a leading insurer in Singapore for a number of years, as well as founded and ran a technology and media start-up.

He has developed uab bank to be one of Myanmar's top banks, guided by his remarkable leadership in Leading Change, Humanizing Banking. Euromoney awarded to uab bank,

Myanmar's Best Bank for both 2019 and 2020 and Retail Banker International named the Bank as "Best Retail Bank Myanmar 2020".

Furthermore, he has substantially rebranded the Bank, the most notable of which is the establishment of uab bank's Head Office in Times' City, one of the most prestigious addresses in the heart of Yangon. Since then, he has been honored and awarded Myanmar's CEO of the Year by several worldwide platforms, including Global Banking & Finance, International Business Magazine, and Business Worldwide.

### Academic and Professional Qualification

- B.Eng (Hons) in Engineering and Business, Nanyang Technological University in Singapore
- INSEAD Senior Leadership Programme alumnus.
- Directors Certification Program (MIoD)

### uab Board Committees Served On

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

### Length of Service as a Chief Executive Officer

- 3 years



Reflection from top

# Leadership Team



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



**George Koshy**  
Head of  
Human Resources



**Thandar Htike**  
Head of  
Corporate Banking



**Htay Kyaw Naing**  
Head of  
Operations



**Nay Win Maung**  
Head of  
Internal Audit

**Christopher Loh**  
MD & Chief Executive  
Officer



**Mahesh Bhandari**  
Head of Credit & Risk  
Management



**Leong Yang Yang**  
Head of  
Finance



**Shwe Mg Oo**  
Head of  
Technology



**Yin Min Aye**  
Head of  
Fintech and Digital



# Leadership Team



**Christopher Loh**  
MD & Chief Executive Officer

## Qualifications and Other Memberships

- B.Eng (Hons) in Engineering and Business, Nanyang Technological University in Singapore
- INSEAD Senior Leadership Programme alumnus.
- Directors Certification Program (MIOD)

## Relevant Experience

- In September 2017, Mr. Christopher Loh was appointed Managing Director and Chief Executive Officer of uab bank.
- Before joining uab Bank, he held multiple top executive positions at RHB Banking Group, including Group Chief Strategy Officer, Chief Executive of International Business, and Deputy Group Chief Risk Officer.
- He was also a partner at a global management consulting firm, where he revolutionised the business and risk capacities of regional and global financial institutions in Asia, the Pacific, the United States, and the United Kingdom.
- He relocated to Asia after working for a big UK financial firm in London to help establish and lead a very sound risk management practice, where he was the managing director before his departure.
- He has also worked for a leading insurer in Singapore for numerous years, as well as

founded and ran a technology and media start-up.

- He has developed uab bank to be one of Myanmar's top banks, guided by his remarkable leadership in Leading Change, Humanising Banking.
- Euromoney awarded uab bank Myanmar's Best Bank for 2019 and Asian Banking & Finance named it the Domestic Retail Bank of the Year for 2019 and 2020 and Retail Banker International named the Bank as "Best Retail Bank Myanmar 2020".
- Furthermore, he has substantially rebranded the bank, the most notable of which is the establishment of uab bank's Head Office in Times City, one of the most prestigious addresses in the heart of Yangon.
- Since then, he has been honored and awarded Myanmar's CEO of the Year by several worldwide platforms, including Global Banking & Finance, International Business Magazine, and Business Worldwide.



## Kyawt Kay Khaing

Deputy CEO, uab bank  
CEO, uab securities

### Qualifications and Other Memberships

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

### Relevant Experience

- Kay has held several key positions since establishment of the Bank in 2010, namely Deputy Chief Operating Officer (COO), subsequently its Chief Business Officer (CBO) and in 2017 as the Deputy CEO, a position which she continues to hold.
- She is also currently serving as the CEO of uab securities, a subsidiary of uab bank, focusing on the investment banking businesses.

- Kay has high proficiency in both English and Burmese languages with strong ability to work through complex problems using excellent judgment and decision-making skills.
- Further, she is an outstanding negotiator who is intuitive 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.

Reflection from top

# Leadership Team



**George Koshy**

Head of Human Resources

### Qualifications and Other Memberships

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

### Relevant Experience

- 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.
- George joined uab bank in 2013 as Head of Wholesale and Retail Banking. He was subsequently assigned as Head of Strategy in 2015 and Head of Risk & Compliance in 2017. Thereafter, he was appointed as Head of Human Resources in 2020.



**Mahesh Bhandari**

Head of Credit & Risk Management

### Qualifications and Other Memberships

- Bachelor of Laws Degree, Tribhuvan University, Nepal
- MBA (Finance), Pokhara University, Nepal

### Relevant Experience

- Mr. Mahesh has over 24 Years of extensive banking experience in various banks and in several countries in Asia.
- He started his career with Himalayan Bank in Nepal, and built his solid foundation in Banking Operations, International Banking and Trade Finance.
- He subsequently continued his career with ABA Bank in Cambodia in Operations, Trade Finance, and International Relations. Mahesh was Chief Trade Finance and Remittance Officer (CTRO) in ABA Bank.
- Mahesh joined uab bank in 2012 with the position of Head of Trade Finance & Financial Institutions, and in 2018, he was deputed as a Head of Treasury & Financial Institutions.
- In 2020, with his strong banking exposure in various fields of banking, Mahesh has been appointed as Head of Credit, Risk & Compliance.





**Leong Yang Yang**  
Head of Finance

**Qualifications and Other Memberships**

- Certified Accountant, CPA Australia
- Bachelor of Business (Accounting & Finance), Charles Sturt University

**Relevant Experience**

- Yang Yang has more than 12 years of experience in the Banking industry across multiple line of Business (Group Strategic P&L and Balance Sheet, Retail Finance, Corporate Support Services, Treasury).
- She started her career in one of the Big Four audit firms, KPMG, and worked with a few MNCs like IBM and Lafarge as business partners in planning, financial analysis and budgeting.
- She subsequent was with banks, working for CIMB, Ambank and RHB Bank in Malaysia before joining uab bank
- Yang Yang joined uab bank in 2018 as Head, Legal & Secretariat to strengthen the overall Governance and lead special projects in the CEO Office. The Bank has since been recognized by multiple platforms as the top Bank in Myanmar with the best Governance practice and remain the only Bank in Myanmar that has published full Annual Report for two years in a row.
- She is present oversees the Bank's Accounting and Finance function as Head of Finance.



**Thandar Htike**  
Head of Corporate Banking

**Qualifications and Other Memberships**

- Bachelor of English, Yangon East University
- Master of Business Administration, Yangon University of Economics
- 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 and subsequently promoted to Head of Trade Finance in 2018.
- She was one of the main contributors to the rapid growth of the Trade Finance business at uab bank Limited. Subsequently in 2019, Thandar was appointed to head a bigger portfolio as Head of Corporate Banking.
- Thandar has over 19 years of track record in reputable local and international companies in Myanmar, specifically in commercial trading and international trade finance – having been on both sides as a customer (previously) and as a banker (currently).
- She is a uab home grown talent who has rose to the leadership over last 6 years, and a testimony of the Bank's success story of internal succession.

Reflection from top

# Leadership Team



**Htay Kyaw Naing**  
Head of Operations

### Qualifications and Other Memberships

- Associate degree in Machine Tools and Design Government Technical Institute (1996–1999)
- Bachelor of Arts (Business Management), Dagon University (2000–2003)
- Diploma in Logistics Management, Queensfield University Singapore (2009–2010)
- Diploma in Logistics Management, The Association of Managers and Administrators (UK) (2009–2010)
- Master of Business Administration, Yangon University of Economics (2014–2016)

### Relevant Experience

- Htay Kyaw Naing had over 20 years of experience in a number of organisations especially in Project Management, Administration, Logistics and Operation with the positions of Logistic Manager and General Manager.
- Htay joined uab bank in 2015 and held the positions of Assistant Director, Deputy Director, and subsequently was promoted as Director and Head of Operations.
- As Head of Operations, he supervises the day-to-day operations of the Bank's branches and ATMs and directs the expansion of the Bank's retail network.



**Shwe Mg Oo**  
Head of Technology

### Qualifications and Other Memberships

- Bachelor of Engineering (Information Technology), Yangon Technological University
- AGTI (Electrical Power)

### Relative Experience

- Shwe Mg Oo has 8 years of lecturing experience as Assistant Lecturer at Technological University (Hmaw Bi) and Pyay Technological University from 2002 to 2010.
- Over 2010 to 2013, Shwe Mg worked as a freelance IT Engineer, gaining in-depth knowledge and experience in Technology.
- Shwe Mg joined uab bank in 2013 and rose the ranks from Deputy Manager to Director.
- He is presently the Head of Technology Department and oversees the Bank's technology infrastructure and banking software platform.



**Yin Min Aye**

Head of Fintech and Digital

**Qualifications and Other Memberships**

- Bachelor of Computer Science (Yangon University of Computer Studies)
- Certificate of Global Leaders for Innovation and Knowledge (Japan America Institute of Management Science)

**Relevant Experience**

- Yin Min joined uab bank in 2019 and she is currently working as Head of Fintech & Digital Department
- She has over 14 years' experience across diverse roles in IT Service Industry with proven track record in the delivery of the projects, product and restructuring systems
- Over the period, she had contributed to establishing new ideas and innovation in business strategies, market penetration, business growth and profitability.
- With her strong fintech and digital background, at uab bank, she is presently leading its fintech and digital initiative to build an inclusive digital ecosystem.
- She developed the Bank's iconic first celebrity app, SaiSai Pay and uabpay+ which forms the building blocks for uab's digital ecosystem.



**Nay Win Maung**

Head of Internal Audit

**Qualifications and Other Memberships**

- 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 25 years of demonstrated history in reputable local Myanmar banks, with strong expertise in Operations and Compliance.
- Nay Win Maung has led many key Operations Projects in uab bank, including setting up new branches, restructuring, improving Branch Operations and was Head of Operations at uab bank.
- With his strong operational experience, he presently heads the Internal Audit function and provides critical and active Third -Line-of-Defence support to the Bank.

Our Competitive Edge

# Corporate Governance Statement for year ending 30<sup>th</sup> September 2020





# Corporate Governance Statement for year ending 30<sup>th</sup> September 2020

## Board of Directors' Composition, Function and Conduct

uab is committed to upholding good corporate governance which is integral to the Bank's growth and stakeholder's profit maximisation. The Bank's corporate governance practices are guided by the Bank's Corporate Governance Framework under Myanmar Companies Law, Central Bank of Myanmar directives and the Basle Committee's Guidelines on Corporate Governance Principles for Banks.

## Board of Directors

The Board of Directors ('the Board') is responsible for the overall governance, management and strategic direction of the Bank. It has ultimate responsibility for the Bank's business strategy and financial soundness, key personnel decisions, organisational structure, governance framework and practices, risk management, compliance and regulatory obligations.

The key roles and responsibilities of the Board include:

a.	keeping up with material changes in the bank's business and external environment as well as act on necessary changes in a timely manner to protect the long-term interests of the bank	i.	requiring the bank to maintain a robust finance function responsible for accounting and financial data
b.	overseeing the development of and approve the bank's business objectives and strategies and monitor their implementation	j.	approving the annual financial statements and require an annual independent audit
c.	performing a lead role in establishing the bank's corporate culture and values	k.	approving the selection and performance of the CEO, directors and senior management staffs
d.	overseeing implementation of the bank's governance framework and periodically review that it remains appropriate in the light of material changes to the bank's size, complexity, geographical footprint, business strategy, markets and regulatory requirements	l.	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 statement.
e.	establishing, along with bank's officers, the bank's risk appetite statement, 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	m.	overseeing the integrity, independence and effectiveness of the bank's policies and procedures for reporting fraud and other illegal activities
f.	overseeing the bank's adherence to its risk policy and risk limits	n.	overseeing the development of, and approve the bank's policy on transactions with related parties
g.	approving the policy and oversee the implementation of key policies and rules pertaining to the bank's capital adequacy assessment process, capital and liquidity plans, compliance policies and obligations, and the internal control system	o.	overseeing the compliance of the bank with the Financial Institutions Law, CBM regulations and directives issued there under
h.	periodically reviewing key policies and rules to ensure their continued applicability and change or update where necessary		

In implementing Good Corporate Governance principles, the Board has five (5) Committees namely:

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

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.

A separate Board Audit Committee has also been instituted and its responsibilities are governed by Section 85 of the Financial Institutions Law 2016 and the Committee's appointment by the Shareholders is for periods of 4 years. U Sein Win, Senior Independent Non-executive Director who is also a Certified Public Accountant presently chairs the Audit

Committee. Other members are U Than Win Swe, Non-executive Director and Daw Hnin Hnin Aung, Non-Executive Director.

The Chief Executive Officer and senior executives are invited to attend Committee meeting to answer queries and present reports.

Board and Board Committee meetings are scheduled in advance and all directors are notified in advance. When circumstances warrant it, 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.

The Board meets at least four (4) times a year. Directors' attendance at Board and Board Committee meetings over October 2019 to Sept 2020 is set out in the table below:

		Board of Directors	Board Advisory & Strategy Committee	Audit Committee	Board Risk Committee	Board Credit Committee	Board Nomination & Remuneration Committee
1.	U Ne Aung	8/8	12/12	NA	NA	NA	NA
2.	D Khin Moe Nyut	7/8	NA	NA	NA	NA	NA
3.	U Than Win Swe	8/8	12/12	4/4	4/4	20/22	1/1
4.	D Hnin Hnin Aung	8/8	12/12	4/4	4/4	21/22	1/1
5.	U Thant Zin	7/8	11/12	NA	4/4	21/22	NA
6.	U Sein Win	8/8	NA	4/4	4/4	NA	1/1
7.	Mr Christopher Loh	8/8	12/12	NA	4/4	NA	NA

Our Competitive Edge

# Corporate Governance Statement for year ending 30<sup>th</sup> September 2020

## Membership, Expertise, Size and Composition of the Board

The Board currently comprises seven (7) members as follows:

Board Members	Roles
U Ne Aung	Non-Executive Chairman
D Khin Moe Nyut	Non-Executive Director
U Than Win Swe	Non-Executive Director
D Hnin Hnin Aung	Non-Executive Director
U Thant Zin	Non-Executive Director
U Sein Win	Senior Independent Non-Executive Director
Mr. Christopher Loh	Managing Director & Chief Executive Officer

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 to 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.

Succession Planning 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 Bank's website.

The Board accepts that it has a responsibility to Shareholders 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 Bank's digital channels. 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.

A limit of five (5) board seats in public-listed companies is set for each individual company. For the period of report, no director has exceeded the limit.

The Board is supported by the Secretariat team from the Legal & Secretariat Department 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.



Our Competitive Edge

# Corporate Governance Statement for year ending 30<sup>th</sup> September 2020



## CHAIRMAN

U 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 company's business is the executive responsibility of the Chief Executive Officer (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

Chairman (or Director, in his absence), will be evidence of the proceedings of meetings or passing of resolutions. (Section 157, Myanmar Company Law 2017)



## CHIEF EXECUTIVE OFFICER

Mr. Christopher Loh as Chief Executive Officer (CEO), leads the management team and implements the Board's decisions. Assisted by Senior Management, the 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 CEO and Senior Management performance and its succession planning.

## BOARD COMMITTEES

The Board Committees have been constituted in accordance with the Bank's Corporate Governance Framework. The roles and duties of each Board Committee are explained further in this section.

### BOARD ADVISORY AND STRATEGY COMMITTEE (BASC)

**BASC's main responsibilities are:**

- Provide objectives and policies to guide senior management
- Review and approve terms for execution of the strategic acquisitions, M&A, restructuring, investments, new subsidiaries, JV, alliances decisions made by the Board
- Oversee the implementation of Group's strategies and business plan
- Review performance and conduct of the Group, including major strategic projects/ initiatives, and ensure corrective actions are taken to address lapses in conduct or performance
- Monitor and deliberate on developments which may be material to the Group's business affairs and strategic plans
- Review and approve of policies or programs for corporate branding, public relations, and stakeholder communications / engagements
- Review and approve related party transactions, expenditures, and any other matters which the Board may delegate to the BOC from time to time
- Review and approve all other matters related to the Group's business and operational affairs.

### BOARD RISK COMMITTEE (BRC)

**BRC's main responsibilities are:**

- Provide overall governance of risk across all subsidiaries of the Group

- Review and recommend Group's overall risk strategy and Group Risk Appetite to Board for approval
- Provide oversight in the setting of the risk appetite/tolerance as well as strategic Key Risk Indicators (KRIs)
- Promote management of the Group's risk in accordance with a risk-return performance management framework
- Ensure Group's business activities are in line with the overall Group's risk appetite, strategy and profile
- Deliberate and assess nature and materiality of risk exposures and its impact on capital
- Oversee the risk management framework, processes (e.g.: risk identification, risk measurement and analysis), organisation and systems and ensure these are functioning adequately
- Review and approve proposed changes to Discretionary Powers / Powers of Attorney, group policies including IT policies, limits for business and operations
- Review and approve changes to risk & capital policies, risk frameworks and other significant risk matters, in line with the approved risk strategy
- Oversee the management of impaired loans/ assets and monitor the recovery of impaired loans/assets

### BOARD CREDIT COMMITTEE (BCC)

**BCC's main responsibilities are:**

- Affirm/veto/include additional conditions on:
  - credit, stock/futures broking, debt and equity underwriting applications and renewals approved but above the defined threshold of the Management Credit Committee
  - restructuring and/or rescheduling of performing accounts above the defined threshold of the respective entities

# Corporate Governance Statement for year ending 30<sup>th</sup> September 2020

- recovery/restructuring/rescheduling proposal for impaired loans/assets and credit/renewal applications approved but beyond the defined threshold of the Management Credit Committee
- principal, interest, debt waivers above the defined threshold as stated within the Terms of Reference of the BCC
- Approve policy loans/financing and loans/financing required by Central Bank of Myanmar to be referred to Board of Directors for approval

## BOARD AUDIT COMMITTEE (BAC)

The BAC is established in accordance with Section 85 of the Financial Institution Law, 2016 and its responsibilities include:

- Establish appropriate accounting procedures and accounting controls for the bank, supervise compliance with such procedures, and audit the bank's accounts and records;
- Monitor compliance with the laws and regulations applicable to the bank and report to the Board of Directors thereon;
- Deliver opinions on any matters submitted to it by the Board of Directors.

Further, the objectives of the Audit Committee include:

- Provide independent oversight over the management of the financial reporting and

- internal control system, ensuring checks and balances for entities within the Bank
- Review the financial conditions and performance of the Bank
- Review the quality of the audits conducted by internal and external auditors
- Provide a forum for discussion that is independent of management
- Provide a line of communication between Board and external auditors

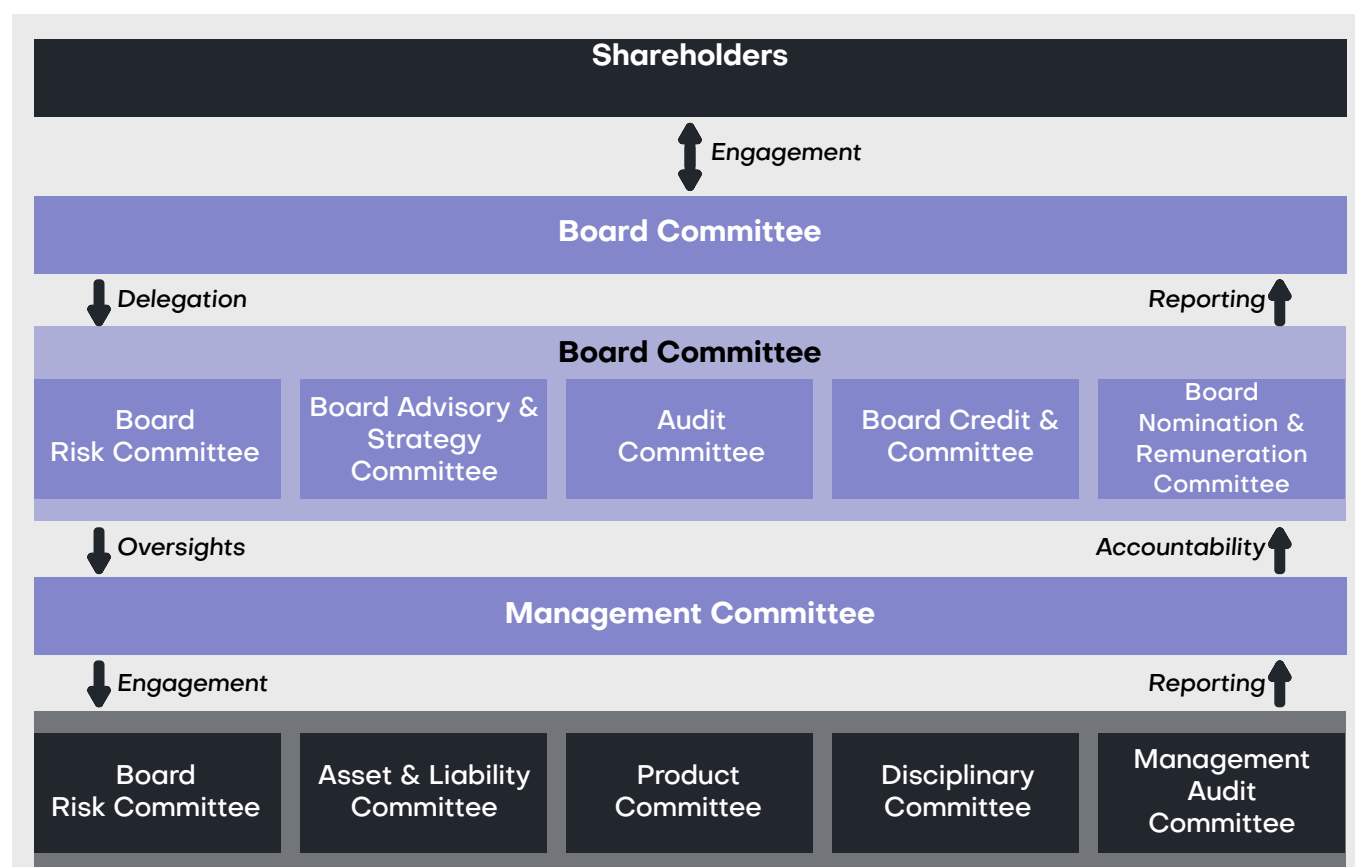
## BOARD NOMINATION & REMUNERATION COMMITTEE (BNRC)

BNRC's has oversight and is responsible for the following:

- Composition of Board & Board Committees
- Annual Evaluation exercise comprising:
  - Board Effectiveness Assessment
  - Fit and Proper Assessment of the Directors and Senior Management.
  - Reviewing remuneration packages based on the Bank's existing remuneration guidelines and framework for
    - Directors
    - Members of the Board Committees
    - Senior Officers (SOs)
- Governance matters in relation to the Board and Directors
- Setting of KPIs for MD/CEO
- Directors' Development Plan
- Macro structure and leadership changes



## CORPORATE GOVERNANCE FRAMEWORK



### DIRECTOR 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 recuse 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 and quarterly announcements, 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.

### 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.

# Corporate Governance Statement for year ending 30<sup>th</sup> September 2020

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 presently monthly 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 with 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<sup>th</sup> September 2020.

The Board notes that no system of risk management 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 (IA)

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 Auditor also reports significant findings and other control concerns to the Chief Executive Officer, as well as the Management Audit Committee monthly.

## 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 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 RESPONSIBILITY

The Board is satisfied that a good balance has been achieved between value creation and corporate responsibility. Details of the Group's corporate responsibility initiatives are set out in the Annual Report.



Statement on Risk Management and Internal Control

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



## INTERNAL CONTROL



# INTERNAL CONTROL & RISK MANAGEMENT

## RESPONSIBILITY

The Board recognises and affirms that it has ultimate overall responsibility for the Bank's system of risk management and internal controls, and for reviewing its adequacy and integrity. The system is designed to manage the Bank's risks within an acceptable risk profile, rather than to totally avoid or eliminate the risks that are inherent to the Bank's business activities. It can therefore only provide a reasonable but not absolute assurance of effectiveness against material misstatement of financial/management information; or against financial losses and fraud.

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.

There is 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.

The Bank has a clear organisational structure, and this structure enhances the ability of each Department, Division and Subsidiary to focus on its assigned core or support function. Board

Committees and Management Committees have been established to enable the Board to assist in discharging its duties.

The Board has extended the responsibilities of the Board Audit Committee (BAC) to include the role of oversight on internal controls on behalf of the Board, including identifying risk areas and communicating critical risk issues to the Board. The BAC is supported by an independent Internal Audit function which reports directly to it. The internal auditors have performed their duties with impartiality, competency and due professional care.

## RISK MANAGEMENT FRAMEWORK

The Board, through its Board Risk Committee (BRC) provides oversight on risk management strategies, methodologies, policies 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.

In addition, the Management Committee assisted by the Management Audit Committee, Asset-Liability Committee and the Management Credit Committee also assume the responsibility of monitoring specific areas of risks pertaining to the Bank's business activities and implement various risk management policies and procedures. For further information on the Bank's risk management framework, please refer to the Risk Management report in this Annual Report.

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.

# INTERNAL CONTROL & RISK MANAGEMENT

## SYSTEM OF INTERNAL CONTROLS

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, whistle blowing policy, anti-bribery and corruption policy human resource policies and performance reward 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 operational 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 business 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.

## ASSESSMENT OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board, through the BRC and BAC has assessed the adequacy and effectiveness of the risk management and internal control system. Based on the results of these reviews as well as the assurance it has received from the Chief Executive Officer, the Board is of the view that the Bank's risk management and internal control system is operating adequately and effectively.



Risk Management Statement

# Risk Management Statement

Prudence  
risks and/or Plan  
convergence success  
established risk approved  
management  
managed various managementStrategy  
Board senior  
coherent integral Bank's  
within levels committees  
Business



# Risk Management Statement

## Risk Management Overview

In order to be sustainable in the long term, we recognise that 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.

Elements of our risk management framework include a robust risk culture, strong governance structure and a defined risk appetite.

## 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 risk appetite and ensure that mechanisms are in place to effectively mitigate risk.
- Ensure that appropriate policies, procedures 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 and
- Embed the right risk culture for best interest

of shareholders.

To assist in the managing of risk, the Bank has established a governance structure that ensures effective oversight of risks and internal controls.

The 5 Committees are as follows:

- Board Audit Committee
- Board Advisory & Strategy Committee
- Board Risk Committee
- Board Credit 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 with the risk appetite set. Their roles include: -

- Identify and evaluate risks relevant to the Bank's 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 Appetite

The Bank has established risk appetite indicators to set the quantitative of risk that the Bank is able and willing to take in pursuit of its business objectives. The objective of establishing risk appetite statement is not to limit risk-rewarding 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-rewarding 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 rating, capital and funding base remain intact. This allows us to be a stable partner with our customers through change in macroeconomic environment. The Bank's risk appetite framework is approved annually by the Board. Senior management monitors and reports the risk management position to the Board Risk Committee.

## Lines of Defense

The Bank adopts a three (3) lines of defense structure and in its cultures ensures that risk awareness and accountability is also the responsibility of every employee in the Bank. The three lines of Defense is described as follows;

- **First Line of Defense - The Risk Takers & Owner** The day-to-day business activities are run by the respective business and support functions and they have the primary responsibility for managing of risk by implementing and executing effective controls. These controls include compliance to risk policies, limits and appetite and establishing adequate supervisory and managerial controls. In the day-to-day activities, reporting of control breakdowns, inadequacy of processes and unexpected risk events are also compulsory.
- **Second Line of Defense - Risk Oversight & Control** The risk and control oversight functions and the Risk, Compliance and Financial Control Officers provide the Second Line of Defense. Risk frameworks, policies, appetite and limits are established within which the business functions must operate. The risk and control oversight functions are also responsible for the independent review and monitoring of the Bank's risk profile and highlighting any significant vulnerabilities and risk issues to the respective management and board committees.
- **Third Line of Defense - Independent Audit** Independent assurance to the Board Audit Committee, the main Board and CEO, on the effectiveness of the risk management and control structure, policies, frameworks, systems and processes is provided by the Bank's internal and external auditors who conduct risk-based audits. Independent 3<sup>rd</sup> party specialists are also employed to provide specialised opinions and views on specific areas.

# Risk Management Statement

## uab bank Risk Governanc

**Board of Directors**  
 The Board of Directors provide overall risk oversight including defining risk appetite and governing structure

### Board Committees

<b>Board Audit Committee</b>	<b>Board Advisory &amp; Strategy Committee</b>	<b>Board Risk Committee</b>	<b>Board Credit Committee</b>	<b>Board Nomination &amp; Remuneration Committee</b>
------------------------------	--	-----------------------------	-------------------------------	--

**Senior Management**  
 Responsible for the implementation of policies and procedures to manage risks

### Management Committee

<b>Asset Liability Committee</b>	<b>Credit Committee</b>	<b>Disciplinary Committee</b>	<b>Product Committee</b>	<b>Management Audit Committee</b>
----------------------------------	-------------------------	-------------------------------	--------------------------	-----------------------------------

### Lines of Defense

1 <sup>st</sup> Line	2 <sup>nd</sup> Line	3 <sup>rd</sup> 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	Independent Audit Provide independent assurance on risk management and controls

## Basel Framework

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

## Credit Risk

Credit risk is the risk of loss arising from any failure by a borrower or counterparty to meet its financial obligations when such obligations fall due. 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, Corporate, Enterprise and SME customers.

Treasury operations and investments also expose the Bank to counterparty and issuer credit risks.

The Bank's credit portfolio is also reviewed regularly, and the Bank continuously monitors the operating environment to identify emerging risks and to formulate mitigating actions.

Credit Risk Governance and oversight is conducted by Board Risk Committee, Board Credit Committee and the Management Credit Committee.

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. The Bank has established credit policies and processes to manage credit risk in the following key areas:

- Credit Approval Process with the following characteristics:
  - the credit origination and approval functions are clearly segregated.
  - credit approval authority is delegated to officers 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 Management 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 Myanmar. Performing loans

# Risk Management Statement

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 credit policy under Central Bank of Myanmar instructions. 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 categorised 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.

## Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. 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 includes fraud risk, legal risk, compliance risk, reputational risk, outsourcing risk and technology risk.

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 defense concept with the **1<sup>st</sup> Line of Defense** being business units, departments and retail branches who own and manage risk as part of their day-to-day activity, **2<sup>nd</sup> line of Defense** being independent risk functions and **3<sup>rd</sup> line of Defense** 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 acts to assist in in the resolution of audit issues and has been established to ensure that all findings of the 3<sup>rd</sup> line of Defense namely Internal Auditors, External Auditors and Central Bank Inspectors are rectified by the 1<sup>st</sup> Line of Defense particularly at root cause level.

Regulatory compliance risk refers to the risk of non-compliance with laws, regulations, rules, standards and codes of conduct. This risk is

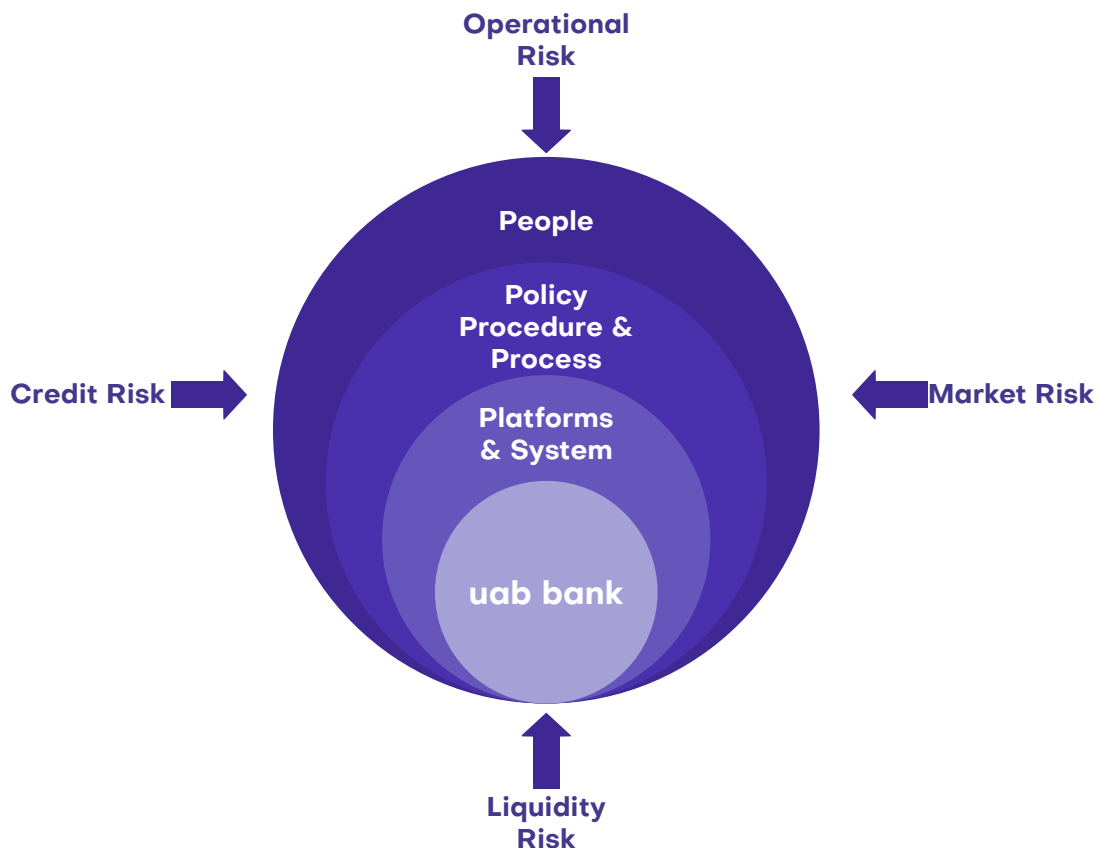


identified, monitored and managed through a structured framework of policies, procedures and guidelines maintained by the Bank. The framework also manages the risk of breaches and sanctions relating to Anti-Money Laundering and Countering the Financing of Terrorism. The Bank's Compliance unit oversees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

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 is the risk arising from negative perception on the part of customers, counterparties, shareholders, investors, debtholders, 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 securitization markets). The Bank



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.

Legal risks are risks arising out of lawsuits or claims involving the Bank, developments in laws and regulations or noncompliance

recognizes the impact of reputational risk and the Marketing Department monitors all activities in the social, print and other forms of media and communications.

Anti-money laundering and counter financing of terrorism has been a growing emphasis and theme by the regulators and the Bank prescribes

# Risk Management Statement

to its compliance and the ensuring of adequate processes and controls to manage this risk.

## Liquidity Risk

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. Hence, liquidity is managed in a manner to address known as well as unanticipated cash funding needs.

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 market 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.

## Market Risk

Market Risk which is managed by the Treasury & Markets Department focuses on two main components namely Interest Rate risk and Foreign Exchange risk.

The Asset and Liability Committee maintains an oversight of the Interest Rate 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.

## Business Continuity Management

Business Continuity Management was tested in two (2) waves of COVID-19 pandemic lockdowns during the financial year. The Bank navigated successfully through these periods via the leadership of the Crisis Control Unit which was activated in accordance to the Bank's Business Continuity Plan.

Mask, hand washing and safe distancing were implemented at branches to mitigate the risk of COVID-19 transmission. Work from home was required over certain periods and staff remained productive and in communication with each other through the lap top program adopted by the Bank. At the Bank's branches, work by rotation were implemented to ensure that essential banking services remained available throughout the pandemic period.

## Sustainability

The Bank is mindful of the importance of sustainability, its related risks and the Bank's long-term role towards its stakeholders including the community in which it does business in. A separate sustainability statement in the Annual Report addresses the Bank's response towards the broader environment and other social risks.





# Human Capital Report ▶

# 2020 Update



## Our Competitive Edge

# Human Capital

Picking up from the theme for the year, Rebrand, Refresh, Revenue Growth and Rise Above, we continued our efforts from 2019 to navigate our talent in 2019/2020 into a new uab bank. Flexibility and agility were and remains a key theme as we steer towards a work force that will be able to manage the complexities of an emergent uab bank in tomorrow's Myanmar.

A large part of 2020 was challenged by the COVID-19 pandemic particularly with the 1<sup>st</sup> wave coming in early March 2020 and followed on with a 2<sup>nd</sup> wave in early September 2020. Despite the challenges and requirement for staff to “work from home”, uabians adapted well with use of on-line technology to communicate with each other, customers, partners, and regulators.

Supervisors also learnt new skills in supervising their staff electronically ensuring that uabians



A desire to  
**connect.**



The passion to  
**create.**



The courage to lead  
**change**



Despite the challenges...

uabians adapted well with the use of online technology to communicate with each other, customers, partners and regulators.

remained productive during the lock-down periods. The policy of providing laptops to staff at Head Office and key staff at Branches paid off well, with the ability of Head Office and key personnel to operate easily anywhere and anytime.

As required by the Regulators, uab branches remained by and large opened throughout the pandemic period with branch personnel operating in shifts and rotations to reduce risk of infection and ensuring that branches were available during operating hours.

We hail our front-line heroes in Branches, Business Centres and Head Office who with a sense of duty have ensured the availability of essential services to our community and Nation.

## Employee Engagement

Employee engagement continued to be an important component of ensuring that uabians felt passionate about their jobs and these included movie days and “Lunch with CEO” sessions.

Despite the pandemic, we successfully launched a 10<sup>th</sup> Anniversary celebration on 14<sup>th</sup> August 2020, linking all our branches and centres online via video conferencing. It was a memorable and meaningful event as 1,800 uabians were linked on -line from various corners of the nation for the first time ever.

Also, as part of the 10<sup>th</sup> Anniversary celebrations and “Be The Change” program, a Rice Donation event was organised on 16<sup>th</sup> August 2020 where rice was donated to the lower income members of the community living in areas surrounding each uab bank branch. Uabians throughout the country were involved in organising and distributing at this meaningful program.

## Awards

We were thrilled this year to be recognised as one of the “Best Companies to work in



Myanmar – Employees Choice”. This was a direct result of an employee satisfaction survey conducted by JobsNet with Deloitte as verifying partner.

We are thankful to our employees for the positive response towards the employee satisfaction survey which was conducted online. 82.5% of our white-collar work force participated and gave us a score 81.4% using a 7-point Likert scale.



## Our Competitive Edge

# Human Capital

## Our people profile

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

The gender balance as of 30th September 2020 is as follows:

### All Employees

Male	871
Female	964
<b>Total</b>	<b>1,835</b>

It is noted that 46% of our staff force is 30 years of age and below indicating a relatively young work force whilst balanced by 18% of our staff force who are 41 years and above.

We are committed to diversity and inclusiveness where people can realise their full potential.

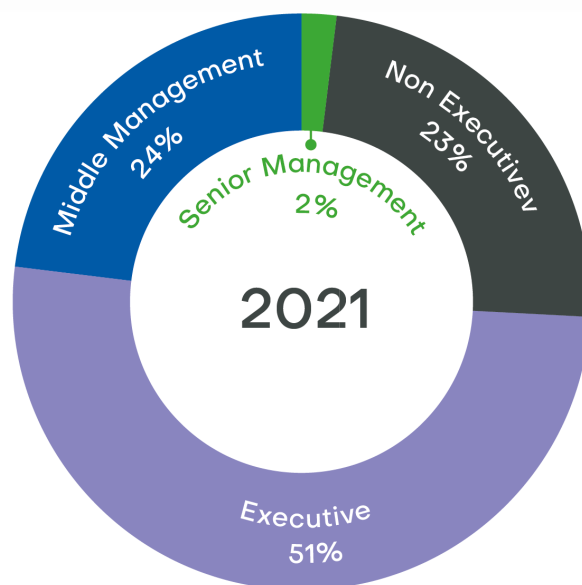
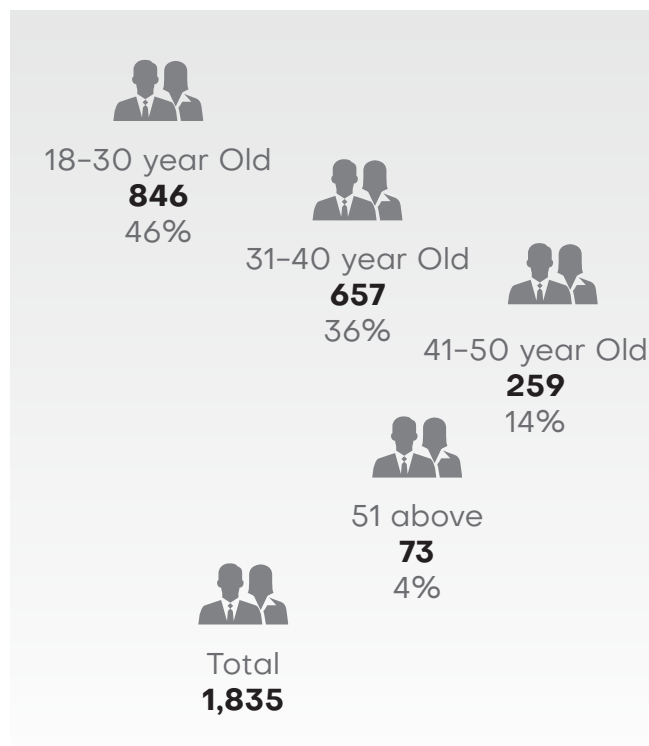
## Learning & Development

Despite the challenges of the pandemic, we successfully switch our training mode to digital and were able to achieve **13,507 man-hours** of training over the financial year compared to 9,106 last year

Developing from our digital experience, we now broadcast weekly Learning & Development sessions over the uabians Facebook Community which feature several topics. These sessions are conducted by various Departments at Head Office and are used to not only to teach but communicate new developments.

The Bank continued its emphasis on blended learning though our principle of 70-20-10 i.e.

- 70% - Learning & Development through job related experience
- 20% - Learning & Development through



Senior Management AD & Above <b>32</b> (2%)	Middle Management AM to SM <b>436</b> (24%)
Executive JA to Super <b>935</b> (51%)	Non Executive <b>432</b> (23%)



interaction with others

- 10% - Learning & Development through formal and structured training courses

Over the financial year, as part of our commitment to develop of leaders and talent, sixteen (16) Management grade staff were rotated into new roles. We believe that leadership rotation is an integral component to help our leaders grow and broaden their knowledge and skills. Leadership rotation does not only build our leaders, but it also enables other staff downline to be exposed to the broader skills that their Team leader has acquired or will bring.

A further 348 staff were involved in inter-branch and inter-departmental transfers whilst 66 other staff were rotated within the same units to encourage re-skilling, broadening of their work exposure and risk management.

## Extending our reach to students and providing Internship opportunities

Over the last financial year, we made a special effort to provide 30 internship places to students as part of our Corporate Social Responsibility (CSR) program.

Also, as part of our CSR program, four (4) webinar sessions were held to assist students in their transition from a student life to a working career. These webinars were conducted with Myanmar students in USA, UK & Ireland, Melbourne, and Sydney. These sessions help students prepare themselves for work life integration and introduces employment opportunities with uab bank as a preferred employer. We thank the various Myanmar Student Associations for helping to facilitate these sessions and look forward to equally profitable sessions in the new financial year.

## Our Rewards & Remuneration

Productivity continued to increase over the last financial year with Group Profit before Tax increasing from **MMK 10.5 mil** per employee to **MMK 11.4 mil** per employee for financial year ending 30<sup>th</sup> September 2020.



A Total Rewards concept is adopted by the Bank which integrates the right remuneration, benefits, well-being, and skills enhancement.

The Bank also adopts both fixed and variable pay as an integral part of Total Compensation and whilst the bonus scheme remained the mainstay with variable pay, the Bank this financial year, introduced incentive schemes which further directly rewarded employees for their sales effort.

In its performance management, despite the challenges of the pandemic, the Bank was able to conduct performance appraisals twice during the financial year. The performance of each employee was evaluated based on a mix of performance objectives, competencies and behaviours that uphold the Bank's Values. To avoid conflict of interest and ensure fair assessments, the Bank ensures that there is strong governance and independent verification in assessing the performance of individuals. Further, the Board of Directors and Senior Management conducts regular reviews of the remuneration policy to ensure that compensation practices and programmes

## Our Competitive Edge

# Human Capital

are consistent with regulatory requirements and are responsive to market developments. Remunerations, rewards, and compensation are viewed beyond short term financial measures and looks at the longer- term sustainability objectives.

As result of productivity increases per employee, we are pleased to note that a larger pot for bonus was shared amongst uabians this financial year.

## Our focus in 2021

Learning from the lessons of the pandemic, digitalisation is critical towards the objective of a flexible and agile workforce. Our priority therefore will be to enhance the workplace and workforce with a digital ecosystem together with progressive strategies to manage tomorrow's complexities.



Our Competitive Edge

# Sustainability Statement

## BOARD STATEMENT

The Board is committed to responsible banking and understands that a responsible approach to business is a decisive factor in determining the long-term success of the Bank.

Economic, environmental and social issues, such as climate change and human rights, matter in the communities we belong to and the 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.

Our approach to Sustainability is described below:

Over Financial Year 2019/2020, having a responsible business and workplace that live up to the expectations of our stakeholders continued to be our underlining sustainability theme. Despite having to operate within the constraints of the Covid-19 pandemic, we built on the commitments of the Board Statement issued by the Board of Directors and three (3) key focuses continued to shape our overarching strategy:

- **Responsible Banking**
- **Responsible Financing**
- **Responsible Corporate citizenship**



# Sustainability Statement

The sustainability theme at uab bank continues to evolve as we journey up the learning curve. As part of our learning, during the financial year, we engaged with WWF with a MOU on 8<sup>th</sup> February 2020, to partner in drafting an Environmental, Social and Governance (ESG) Policy which will assist in investment, lending, and procurement decisions. Together with this partnership, we continued to build on a number of foundational elements also. Some of the key elements were a strong focus on compliance, customer satisfaction and building a digital ecosystem. Engaging our employees, fostering an inclusive and diverse culture, reducing our environmental footprint, and ensuring presence and positive impact nationally and in local communities were also other key foundational elements.

In October 2020, as part of its long-term strategic initiative, the Bank moved into its new Head Office to uab Tower @ Times City. The new workspace which spread over 60,000 sq ft of space over 3 levels, has the capacity to accommodate 600 employees with advanced digital capacity, open workspaces, meeting rooms and creative facilities plus a training centre, providing a work environment for productive growth. Compared to our previous Head office, apart from providing a more productive work environment, the new workspace attempts to reduce our environmental footprint with natural lighting, controlled temperature, centralised printing to encourage saving paper and better water utilisation. The quality of the new office space resulted in two awards received at the 5<sup>th</sup> Property Guru Myanmar Properties award ceremony on 23<sup>rd</sup> October 2019, namely, “Best Office Interior Design” and “Special Recognition for Bank facilities”.

The pandemic in Myanmar which came in two (2) waves, in March and Sept 2020, tested the

capability and capacity to run a sustainable business. The Bank proceeded to invoke its Business Continuity Plan, and with the central coordination by the Crisis Control Unit, was able to sail through this trying period for the business, the employees, and our customers.

## Commitment to good Governance

As a commitment to good governance, we made a strategic decision to enrol into the Pwint Thit Sa (Transparency in Myanmar Enterprises) initiative for its 2019 program and committed to meeting the standards of good governance reporting and sustainability as prescribed in its program. Much of the Pwint Thit Sa standards were in line with the ASEAN Corporate Governance Scorecard.

We are pleased to report that at the **2019 Pwint Thit Sa Report, we were placed to 5<sup>th</sup>** and subsequently in the **2020 Pwint Thit Sa Report, we were ranked 1<sup>st</sup>** amongst companies and banks in Myanmar.

## Materiality analysis

In order to concentrate on having the greatest impact, we continued to look at the materiality of ESG-related topics to our stakeholders and the Bank. The assessment is based on information gathered from our stakeholder engagements and surveys. This information is updated continuously through discussions, research and interviews. We use the topics identified in our materiality analysis that are important to our stakeholders to then calibrate of our sustainability strategy and impact.

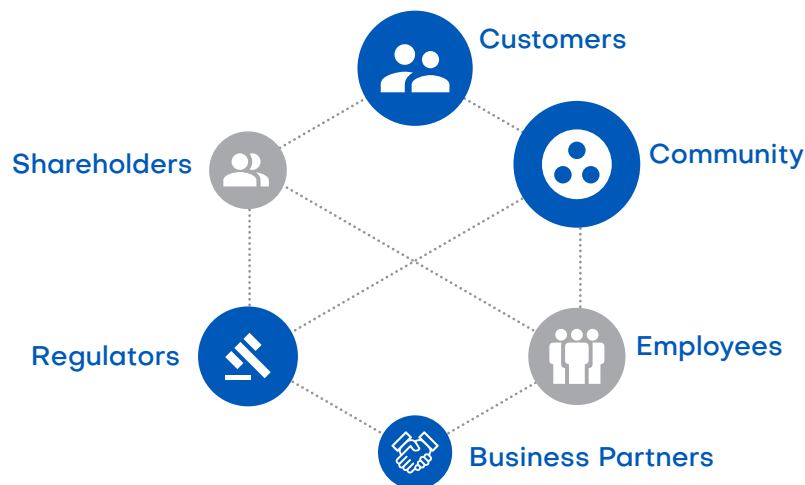
**An issue is material to uab bank if it meets two conditions.**

- It impacts our business in terms of growth, cost, risk or trust.

- It is important to our stakeholders – such as consumers, customers, employees, governments, investors, NGOs and suppliers.

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

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



### The following were the issues that were identified as material by our stakeholders:

#### ENVIRONMENT

**Climate Change:** This includes financing of clean and renewable energy products and the exclusion from financing activities that will be harmful to the environment and would lead to climate change.

#### SOCIAL

**Financial inclusion:** The development and increased access to financial products and services, for unbanked and underbanked segments including financial literacy.

**Human rights:** Approach of the Bank to human rights issues

**Customer Satisfaction:** Apart from being satisfied with service and product, this includes bank’s approach towards grievances redressal.

**Corporate Social Responsibility:** Contributions of charitable nature and well-being of communities

**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 economy.

**Training & Talent management:** Employee training, the ability to attract top talent and the enabling of individuals to reach their full potential.

Our Competitive Edge

# Sustainability Statement

**GOVERNANCE**

**Diversity & Inclusion:** Includes efforts to improve diversity of Board, Management Committee and Employees

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

**Technology Risk:** This means keeping electronic information safe from external unwarranted intrusions.

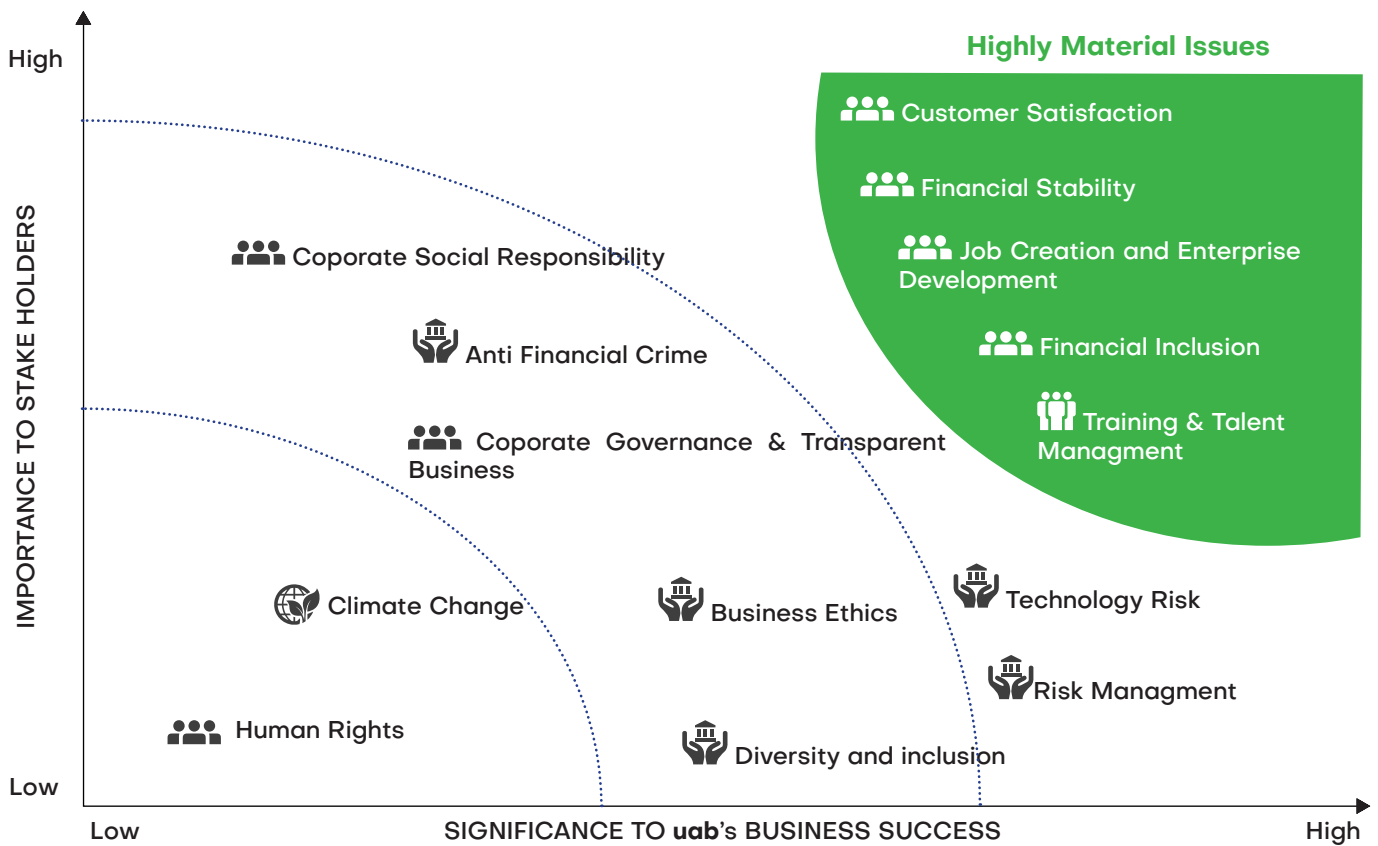
**Anti- Financial Crime:** This means bank’s measures on anti-money laundering, counter financing of terrorism, anti-corruption and other criminal activity.

**Corporate Governance and Transparency:** Governance in accordance with global standards and the availability and openness of information to stakeholders

**Financial stability:** The ability of the Bank to continue with sustainable profits and adequate internal controls.

Below is the material index indicating issues that were material and the degree of importance to various parties.

## MATERIALITY MATRIX



We identified 5 issues that were rated as highly material to both the stakeholders and the Bank:

- i. Customer satisfaction
- ii. Financial stability
- iii. Job creation & Enterprise development
- iv. Financial Inclusion
- v. Training & Talent Management

### Key focus

Whilst we remain committed to the 17 UN Sustainability Development Goals (SDGs), we chose to focus on 4 main SDGs so as to maximise impact on issues that were highly material to stakeholders and be able to build specific targets around those issues:

Sustainability Development Goals	8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	4 QUALITY EDUCATION 	3 GOOD HEALTH AND WELL-BEING 
<b>Material issues identified</b>	·Financial inclusion ·Financial stability	·Job creation and Enterprise development	·Training & Talent Management	·Customer satisfaction
<b>Specific targets</b>	·Enabling home ownership ·Providing digital solutions ·Financial literacy ·Continued good financial performance of Bank	·Financing SMEs ·Developing products for cash flow management	·Regular training to employees ·Scholarship and bursary support for children of employees	·Appropriate and suitable products ·Transparency ·ESG Policy ·Developing bancassurance

Having identified specific targets, the progress and impact of our targets are as below:

Item	Target	Time target	Achievement
<b>Home ownership</b>	10.5% of total loan portfolio	30 September 2024	As of 30th September 2020, home finance made up 1.66% of the loan portfolio.
<b>Digital solutions</b>	Enabling customers to open an account through handheld devices	30 September 2020	uab bank's digital apps are now enabled to allow for the opening of accounts over handheld devices.
<b>Financial literacy</b>	Conduct at least 12 financial literacy sessions or projects per annum to unbanked, underbanked, and underserved individuals	30 September 2021	Despite the two (2) waves of Covid-19, ten (10) financial literacy outreach sessions were held during the financial year.  308 individuals were reached through these sessions.

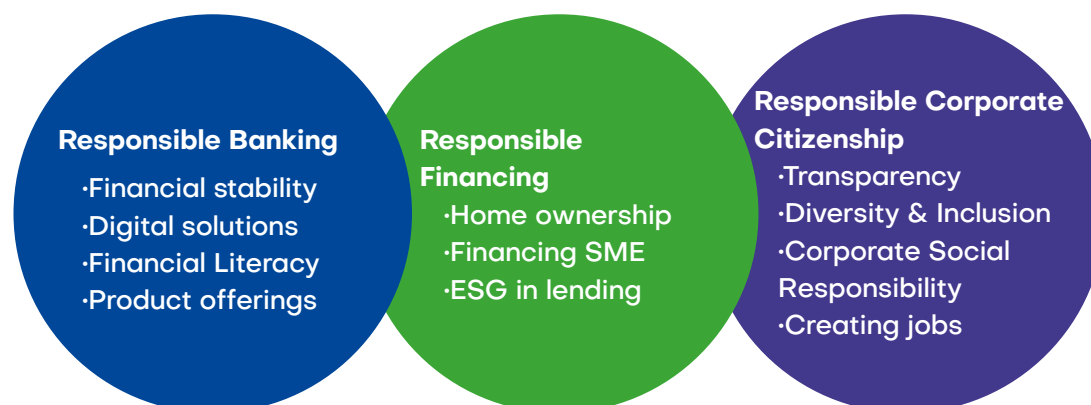
# Sustainability Statement

Item	Target	Time Target	Achievement
<b>Financing SME</b>	26% of total loan portfolio	30 September 2024	As of 30 <sup>th</sup> September 2020, SME Financing made up 11.81% of the loans portfolio.
<b>Developing products for cash flow management</b>	Developing a Supplier Chain Financing solution	30 March 2021	A Strategic Cooperation Agreement has been signed with Kashtec International Pte Ltd for the development of a Supplier Chain Financing solution. Digital platform and product expected to be rolled out by January 2021.
<b>Training employees</b>	15,000 man-hours of training to be provided by the financial year ending on 30 September 2021	30 September 2021	For financial year ending 30 <sup>th</sup> Sept 2020, a total of 13,157 man-hours of training was achieved
<b>ESG Policy</b>	To formulate and thereafter implement an ESG policy	Formulation by October 2021. Full implementation by March 2024	A training program covering sustainable lending has been instituted in partnership with WWF and this will begin in March 2021. This is with the purpose of sensitising employees towards the concepts of sustainability and will further lead on to the formulation of ESG policy before the target date of October 2021.
<b>Transparency</b>	Issue GRI Index and SASB Index	May 2020	GRI and SASB Index had been successfully published in the Bank Sustainability Report 2019 and now publicly available in the Bank's website.
<b>Bancassurance</b>	Launch bancassurance by financial year 2021	May 2021	MOU was signed between uab bank and Manulife on 9 <sup>th</sup> February 2020 to offer financial protection via a range of life insurance products. A full roll out of bancassurance products was approved by the authorities in January 2021. A public launch will be announced by the Bank.



Other components of our targets and impact thereof are further stated below.

**Focuses and impact areas.**



## RESPONSIBLE BANKING

Under this theme we include the following impact areas:

### 1. Financial stability

The materiality assessment conducted indicated that with the COVID-19 pandemic, stakeholders were concerned on the financial stability of the institution. The highlights of the Bank's financial performance are as listed below:

MMK 'Million	2016 Apr~Mar	2017 Apr~Mar	2018 Apr~Mar	2018* Oct~Sept	2019 Oct~Sept	2020 Oct~Sept
<b>Operating Profit</b>	5,657	504	2,478	9,070	18,124	25,831
<b>Net Profit After Tax</b>	4,243	378	960	6,801	13,635	15,192
<b>Net Customer Loans</b>	348,037	530,834	616,342	651,064	734,133	809,522
<b>Customer Deposits</b>	595,464	781,835	920,993	910,747	1,009,486	1,118,987
<b>Total Assets</b>	661,876	853,974	1,012,279	1,047,209	1,188,286	1,455,906
<b>Shareholders' Equity</b>	44,983	49,355	50,301	65,526	81,698	97,504

\*Financial year end changed from 31<sup>st</sup> March to 30<sup>th</sup> September.

It is noted that the Bank continues to perform well on a year-on-year basis and a more comprehensive analysis is provided in the Annual Report of the Bank.

# Sustainability Statement

## 2. Digital solutions

Over the financial year ending 30<sup>th</sup> Sept 2020, the Bank introduced the following digital solutions to its customers to make banking easier:

- Sai Sai Pay (for consumers)
- uabpay (for consumers)
- uabpay+ (for merchants)

These digital apps which allow customers to send/receive money and make payments, now enable banking services without the need of formally visiting a bank branch. Through these we are seeing a deepening of the Bank's financial inclusion contribution both to the unserved and underserved parts of our community. With these digital apps, financial services are now more accessible, affordable, and sustainable.

These digital solutions also allow for removal of the reliance of paper statements and physical bank branches allowing customers to manage their finances over the mobile phone with completion of transactions at faster speeds and lower transaction cost.

At the next stage of its development, the Bank is exploring ways of providing credit and loans through the digital apps.



## 3. Financial inclusion and literacy

Apart from the introduction of digital apps, several other outreach programs were

conducted targeting outreach to underserved and unserved communities. Even though the pandemic severely restricted the ability to conduct extensive programs and the Bank was able to successfully adapt to on-line technology for much of this outreach.

The programs included webinars to Myanmar university students and sessions with various Associations. We were able to reach to 308 people through these sessions.



With financial literacy, the successful introduction of digital wallets and the increasing use of mobile and internet banking in Myanmar, saw the emergence of the dangers of phishing and data theft. The Bank issued several broadcasts to improve financial literacy particularly to encourage customers to exercise caution and good practice in keeping their IDs and passwords safe.

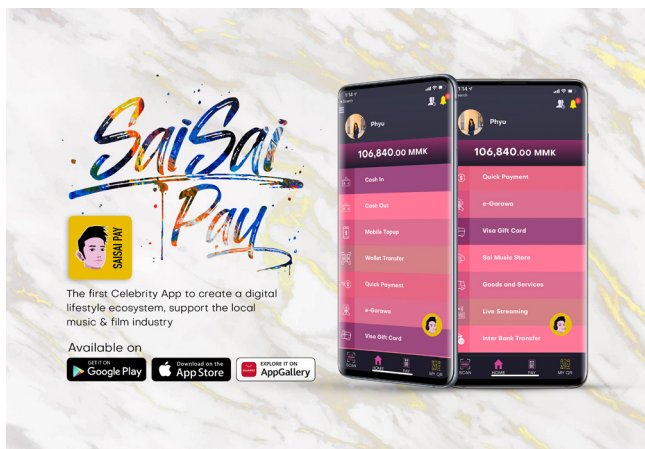
The COVID-19 pandemic with the requirement for safe distancing had the unintended but positive impact of encouraging people to move to digital and ATM transactions. A number of educational material and literature was made available via social media and emails to support the movement towards a digital ecosystem.

## 4. Appropriate products

Under its Product Responsibility Statement, the Bank is committed to offer products which are appropriate and suitable for customers. The following are a number of new products and we are pleased to note that they range across savings, digital, cards and financing:

### Zeegwat Savings Account

In encouraging a savings culture, uab bank launched Zeegwat savings on 15<sup>th</sup> February 2020 which targets retail customers and payroll accounts. **Zeegwat Savings Account** is amongst one of the few savings account variants offered by banks in Myanmar that provide customers with monthly interest on the daily balances in their accounts. This provides a more equitable and fairer system of interest payments to consumers for their savings.

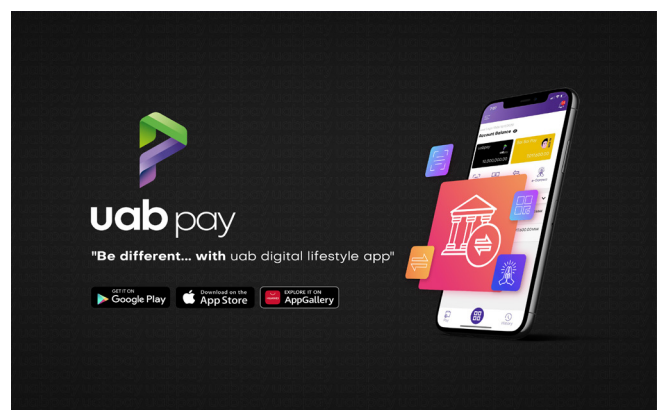


### Sai Sai Pay

On 4<sup>th</sup> April 2020, the Bank announced a strategic partnership with Myanmar's renowned celebrity Sai Sai Kham Leng to launch the World's First Celebrity App branded as **Sai Sai Pay** to create a digital lifestyle ecosystem, support the local music & film industry, and raise funds for COVID-19. The app will also include a fan club feature as a later development that allows users to interact with the local artists, support, and chat with them. This digital product also brings to the Bank the inclusion of a young fan base that was previously unserved.

### uabpay

Whilst Sai Sai Pay is targeted toward the music industry, the Bank further launched **uabpay**, which is a more generic digital app targeted at a far wider and diverse audience.



Our Competitive Edge

# Sustainability Statement

## Celebrities Visa Gift Card

On 15<sup>th</sup> August 2020, the Bank launched its **Celebrities Visa Gift Card** in partnership with leading Myanmar Celebrities Pan Yaung Chel and Paing Takhon. Targeted to millennials, the Celebrity Visa gift cards are designed for both personal use or alternatively as a gift item. These cards can be sold at commercial stores with registration done through the digital app namely uabpay which in turn again further enables a greater level of financial inclusion.



## RESPONSIBLE FINANCING

### Home ownership and SME Financing

Home financing and SME financing are key components of the Bank's SDG targets. At the end of the financial period, they make up 1.66% and 11.81% of the loans portfolio. By 30<sup>th</sup> September 2024, together, it is targeted to reach 36.5% of the loans portfolio.

For Home financing, many of the properties for financing are apartments and given that the issuance of individual title documents is still not in practice in Myanmar, the Bank

### Supply Chain Financing

For products to the SME sector, on 9<sup>th</sup> February 2020, the Bank also signed a Strategic Cooperation Agreement with Kashtec International Pte Ltd, a company registered in Singapore for a B2B digital solution particularly in supply chain financing. The product presently being developed and expected to be offered to customers in February 2021 will be branded Kashtec **Supply Chain Financing**.

over the financial year introduced a "no claims certificate" to be obtained from the 3<sup>rd</sup> party bank financing the full construction of the apartment blocks. This has the effect of excluding the units financed by uab bank from claims by banks financing the apartment developers and provides additional protection to individual apartment buyers.

With SME financing, 28% of the SME loan portfolio was financed through the JICA 2-step loan scheme which provides preferential interest rates. This scheme is administered in partnership with JICA and the lower cost provides SME with a more sustainable funding base.

## ESG in lending

The Bank is committed towards achieving Environment, Social and Governance (ESG) standards in its lending activating.

An on-going project is being undertaken with WWF towards training the Bank's employees in the adoption of ESG principles in lending activities. An ESG Policy is scheduled to be completed by October 2021. As the first steps, the Bank has already adopted an exclusion list and uab bank 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 labor.
- Activities involving people smuggling of any kind.



Our Competitive Edge

# Sustainability Statement

## RESPONSIBLE CORPORATE CITIZENSHIP

### Transparency

Over the financial year we saw the production of Annual Report 2019 and Sustainability Report 2019. These were made available in the Bank’s website which in turn was also enhanced to provide better transparency to all stakeholders.

The effort towards transparency particularly in corporate governance and sustainability resulted in the Bank being on **5<sup>th</sup> place in the**

**2019 Pwint Thit Sa Report and ranked 1<sup>st</sup> in the 2020 Pwint Thit Sa Report.**



### Diversity and inclusion

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

The gender balance at uab bank as of 30th September 2020 is as follows:

Gender	Number	%
Male	871	47%
Female	964	53%
<b>Total</b>	<b>1,835</b>	<b>100%</b>

Gender balance measured by job grades is as below:

Grades	Male	Female	Total	%
Senior Management (AD & Above)	15	17	32	2%
Middle Management (AM to SM)	146	290	436	24%
Executive (JA to Super)	357	578	935	51%
Non-executive (Helper, Driver, Security, Cleaner)	353	79	432	23%
<b>Total</b>	<b>871</b>	<b>964</b>	<b>1835</b>	

In total, female employees formed 53% of the work force compared to 47% of males.

At Board level, the board members are made up of diverse skills and perspectives. Their inclusion into the Board requires the clearance of the Central Bank of Myanmar after a “Fit and proper” assessment. On the gender balance, the Board is made up of five (5) male and two (2) female members and in terms of ethnicity, include six (6) Myanmar nationals and one (1) foreign national.

## Corporate Social responsibility

With the pandemic, much of the major CSR activities revolved around providing relief to people affected by COVID-19. The following activities were engaged:

- On 24<sup>th</sup> March 2019, the bank announced a relief package for loan relief payments as a financial measure to assist customers alleviate short term cash flow problems. A moratorium of up to 6 months was provided with restructuring and rescheduling of existing loans and additional financing for qualified borrowers.
- Over April and May 2020, with the launch of Sai Sai Pay digital wallet, funds were raised via crowd funding to a total of MMK 80.2 million and these were donated to three (3) beneficiaries namely, Ministry of Health and Sports (MMK 30 million), COVID-19 Control and Emergency Response Committee (MMK 30 million) and Yangon Regional Government Office (MMK 19.74 million). The balance sum will be allocated at a later stage.
- On 16<sup>th</sup> August 2020, celebrating its 10<sup>th</sup> Anniversary, the Bank donated 30,000 bags of rice worth more than MMK 100 million to needy communities at all uab bank branch locations throughout Myanmar. To make this donation more significant, the

rice was purchased directly from farmers at Kong Zaung Village in Magway region, reducing the need for intermediaries and a better price to the farmers directly. The management team of uab bank visited the village to learn more about the rice cultivation and production process and spend time with the farmers to listen to their stories.

Other CSR activity included a Bursary and Scholarship program launched on 1<sup>st</sup> May 2020 for children of uab bank employees who required financial assistance. However due the pandemic, schools and universities were closed during the period and therefore the financial assistance will be disbursed once these institutions were opened.

## Creating jobs and encouraging local growth

We contributed to job creation and built an employable workforce with training and mentoring in 47 townships across Myanmar. As of 30<sup>th</sup> September 2020, the Bank directly employed 1,835 employees with personnel cost of **MMK 17.1 billion up from MMK 16.7 billion** the previous year. Further, through our financing endeavours and procurement activities, we have substantially contributed to the job creation process in Myanmar.



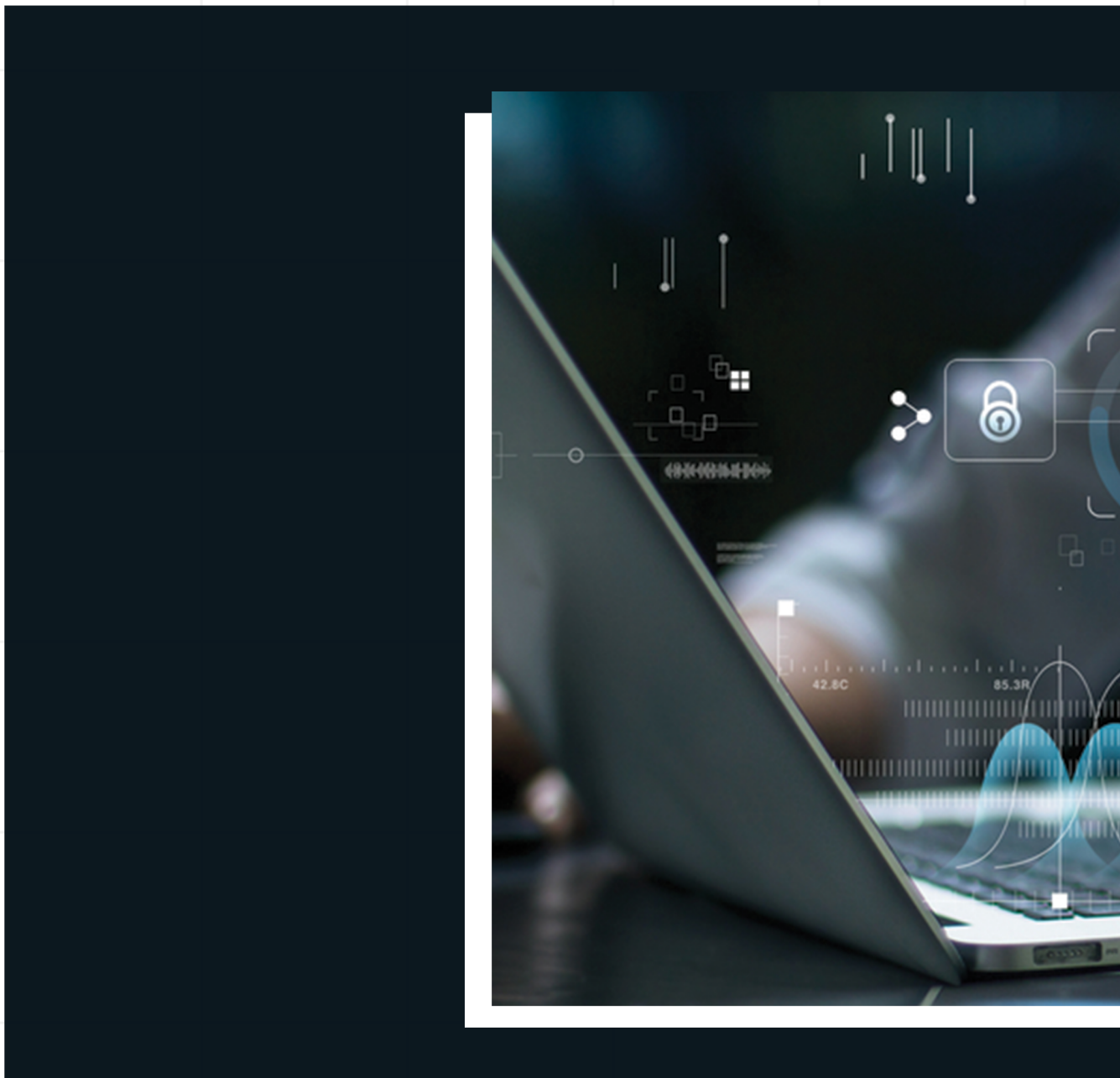
# Financial

Annual Report

2020

Content

# Statements





S



Strong Financials

# Corporate Information

**Name** : uab bank Limited

**Head Office** : uab Tower @ Times City, Kyun Taw Road, Kamaryut Township, 11041, Yangon.

**Registered Address** : Bank Development Zone, No (3), Corner of Kyaing Tone Road and Malamyaing Road, Oaktaya Thiri township, Nay Pyi Taw.

**Board of Directors** : U Ne Aung (Non-Executive Chairman)  
Daw Khin Moe Nyunt (Non-Executive Director)  
U Than Win Swe (Non-Executive Director)  
U Sein Win (Senior Independent Non-Executive Director)  
U Thant Zin (Non- Executive Director)  
Daw Hnin Hnin Aung (Non-Executive Director)  
Mr. Christopher Loh (Managing Director & Chief Executive Officer)

**Auditors** : V. Advisory Limited

**Senior Management** : Mr. Christopher Loh (Managing Director & Chief Executive Officer)  
Daw Kyawt Kay Khaing (Deputy Chief Executive Officer)  
Mr. George Koshy (Head of Human Resources)  
Mr. Mahesh Bhandari (Head of Credit & Risk Management)  
U Nay Win Maung (Head of Internal Audit)  
U Shwe Mg Oo (Head of Technology)  
U Htay Kyaw Naing (Head of Operations)  
U Thandar Htike (Head of Corporate Banking)  
Ms. Leong Yang Yang (Head of Finance)  
Daw Yin Min Aye (Head of Fintech & Digital)





## Strong Financials

# 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<sup>th</sup> September 2020.

### 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)
<b>Profit Before Tax</b>	<b>20,713</b>	<b>20,083</b>
Taxation	(5,125)	(4,891)
<b>Profit After Tax for the Period (Attributable to Equity Holders)</b>	<b>15,168</b>	<b>15,192</b>
Retained Earnings (Brought Forward)	6,602	6,006
<b>Adjustments:</b>		
- Transferred to Statutory Reserve (25%)	(3,798)	(3,798)
- Transferred to General Loan Loss Reserve	-	-
- Prior Year Dividend Paid Out	-	-
- Prior Year Adjustments	-	-
<b>Retained Earnings (Carried Forward)</b>	<b>17,969</b>	<b>17,401</b>

*\*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 Group 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) (deceased)
- 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 Bank, except as follows:

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

## Business Outlook

At uab bank, 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 Bank is also prepared and ready for the adoption of IFRS in 2020-21 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 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

## Strong Financials

# Directors' Report

- 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 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 to V Advisory Limited as auditor of the Group and 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 1<sup>st</sup> June 2021.

**Than Win Swe**

**Director**

**Christopher Loh**

**MD/Chief Executive Officer**

# Independent Auditor's Report

## Opinion

We have audited the consolidated financial statements of uab bank Limited and its subsidiary (the Group), which comprise the statement of financial position as at 30<sup>th</sup> September 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 30<sup>th</sup> September 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group are properly drawn up so as to give a true and fair view of the financial position of the Group as at 30<sup>th</sup> September 2020, 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 Consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements

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

In preparing the consolidated 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 Bank 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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a

## Strong Financials

# Independent Auditor's Report

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 consolidated 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 280 of the Myanmar Companies Law 2017, we report that:

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

Also in accordance with Section 89(A) of the Financial Institutions Law, we report that the financial statements of the Bank adequately reflect the financial position of the Bank and its solvency.

**Win Htut Aung**  
**Certified Public Accountant**  
**PAPP Registered No. 66**  
**V Advisory Limited**

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

Date: June 2021  
Yangon, Myanmar



# Statement of Consolidated Financial Positions

as at 30 September 2020



	Notes	The Group		The Bank	
		2020 MMK'000	2019 MMK'000	2020 MMK'000	2019 MMK'000
<b>Assets</b>					
Cash and cash equivalents	8	180,195,288	173,216,911	179,691,282	173,209,957
Loan and advances to customers	9	820,522,373	746,133,055	809,522,373	734,133,055
Investment securities	10	285,760,000	182,300,000	289,424,000	186,664,000
Property, plant and equipment	11	50,705,358	48,906,673	50,700,593	48,898,005
Right-of-use assets	12	18,404,850	-	18,404,850	-
Investment properties	13	929,499	947,700	929,499	947,700
Intangible assets	14	646,675	966,745	496,584	694,524
Deferred tax assets	15	766,120	612,471	766,120	612,471
Other assets	16	108,526,650	45,042,028	105,970,892	43,126,369
<b>Total Assets</b>		<b>1,466,456,812</b>	<b>1,198,125,585</b>	<b>1,455,906,192</b>	<b>1,188,286,081</b>
<b>Liabilities</b>					
Deposits and placements with banks	17	33,719,849	6,972,023	33,719,849	6,972,023
Deposits from customers	18	1,118,886,040	1,008,371,946	1,118,987,619	1,009,485,773
Borrowings	19	120,352,800	48,090,291	120,352,800	48,090,291
Other liabilities	20	81,690,267	42,569,934	81,367,408	42,040,181
Lease liabilities	21	3,973,789	-	3,973,789	-
<b>Total Liabilities</b>		<b>1,358,622,745</b>	<b>1,106,004,194</b>	<b>1,358,401,465</b>	<b>1,106,588,267</b>
<b>Equity</b>					
Share Capital	22	54,000,000	54,000,000	54,000,000	54,000,000
Reserves	23	26,103,960	21,691,265	26,103,960	21,691,265
Retained earnings		17,969,158	6,602,301	17,400,767	6,006,549
<b>Equity Attributable to Shareholders of the Bank</b>		<b>98,073,118</b>	<b>82,293,566</b>	<b>97,504,727</b>	<b>81,697,814</b>
<b>Non-controlling Interest</b>		<b>9,760,949</b>	<b>9,827,825</b>		
<b>Total Equity</b>		<b>107,834,067</b>	<b>92,121,392</b>		
<b>Total Equity and Liabilities</b>		<b>1,466,456,812</b>	<b>1,198,125,585</b>	<b>1,455,906,192</b>	<b>1,188,286,081</b>
<b>Off-Balance Sheet</b>					
Performance Guarantee	24	62,266,013	45,593,555	62,266,013	45,593,555
Contingent Liabilities		4,927,653	35,583,640	4,927,653	35,583,640
Commitment		51,946,982	52,543,300	50,147,482	52,543,300

See accompanying notes to the financial statements

Authenticated by the Directors:

Than Win Swe  
Director

Christopher Loh  
MD & Chief Executive Officer

Leong Yang Yang  
Head of Finance

## Statement of Consolidated Profit or Loss and Other Comprehensive Income for the Year Ended 30 September 2020

	Notes	The Group		The Bank	
		2020 MMK'000	2019 MMK'000	2020 MMK'000	2019 MMK'000
Interest income	25	111,278,986	106,417,652	109,948,487	104,838,846
Interest expense	26	(69,749,924)	(71,276,745)	(69,768,847)	(71,331,852)
<b>Net interest income</b>		<b>41,529,062</b>	<b>35,140,907</b>	<b>40,179,640</b>	<b>33,506,994</b>
Fee and commission income	27	8,759,838	7,054,774	8,656,765	6,904,977
Other income	28	4,406,727	6,543,743	4,721,691	6,542,468
<b>Operating income</b>		<b>54,695,627</b>	<b>48,739,424</b>	<b>53,558,096</b>	<b>46,954,439</b>
General and administrative expenses	29	(4,662,961)	(3,406,037)	(4,448,602)	(3,124,034)
Personnel expenses	30	(17,299,545)	(16,776,824)	(17,183,059)	(16,694,403)
Operating lease expenses	31	(414,348)	(1,873,106)	(404,233)	(1,863,750)
Depreciation and amortisation		(3,040,949)	(2,387,163)	(2,915,869)	(2,302,838)
Depreciation on Right-of-use assets		(2,377,944)	-	(2,377,944)	-
Other expenses	32	(126,425)	(181,692)	(85,135)	(181,692)
Finance cost	33	(312,102)	-	(312,102)	-
<b>Operating expenses</b>		<b>(28,234,274)</b>	<b>(24,624,822)</b>	<b>(27,726,944)</b>	<b>(24,166,716)</b>
<b>Operating profit before allowance</b>		<b>26,461,353</b>	<b>24,114,602</b>	<b>25,831,152</b>	<b>22,787,723</b>
Less: Allowance for credit and other losses	34	(5,748,009)	(4,663,561)	(5,748,009)	(4,663,561)
<b>Net profit before tax</b>		<b>20,713,345</b>	<b>19,451,041</b>	<b>20,083,143</b>	<b>18,124,162</b>
Taxation	35	(5,124,543)	(4,820,723)	(4,890,745)	(4,489,004)
<b>Net profit after tax</b>		<b>15,588,800</b>	<b>14,630,318</b>	<b>15,192,398</b>	<b>13,635,159</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>15,588,800</b>	<b>14,630,318</b>	<b>15,192,398</b>	<b>13,635,159</b>
<b>Profit for the year attributable to:</b>					
-Shareholders of the Bank		15,168,423	14,057,763	15,192,398	13,635,159
-Non-controlling interest		420,377	572,554	-	-
		<b>15,588,800</b>	<b>14,630,318</b>	<b>15,192,398</b>	<b>13,635,159</b>

See accompanying notes to the financial statements

Authenticated by the Directors:

Than Win Swe  
Director

Christopher Loh  
MD & Chief Executive Officer

Leong Yang Yang  
Head of Finance

# Statement of Changes in Equity

for the Year Ended 30 September 2020



## Attributable to equity holders of the Bank

The Group	Share Capital	Statutory Reserve	General Loan Loss Reserve	Retained Earnings	Total	Non-controlling Interests	Total Equity
	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)
Balance at 1 October 2019	54,000,000	7,438,914	14,252,351	6,602,301	82,293,566	9,827,825	92,121,392
Issued shares	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	15,168,423	15,168,423	420,377	15,588,800
Transfer to reserves	-	3,798,099	614,596	(3,798,099)	614,596	-	614,596
Prior year adjustment	-	-	-	(3,467)	(3,467)	-	(3,467)
Dividends	-	-	-	-	-	(487,253)	(487,253)
<b>Balance at 30 September 2020</b>	<b>54,000,000</b>	<b>11,237,013</b>	<b>14,866,947</b>	<b>17,969,158</b>	<b>98,073,118</b>	<b>9,760,949</b>	<b>107,834,067</b>
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	14,630,317
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	-	-	-	-	-	-	-
<b>Balance at 30 September 2019</b>	<b>54,000,000</b>	<b>7,438,914</b>	<b>14,252,351</b>	<b>6,602,301</b>	<b>82,293,566</b>	<b>9,827,825</b>	<b>92,121,391</b>

## The Bank

The Bank	Share Capital	Statutory Reserve	General Loan Loss Reserve	Dividend	Retained Earnings	Total
	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)
<b>Balance at 1 October 2019</b>	<b>54,000,000</b>	<b>7,438,914</b>	<b>14,252,351</b>	<b>-</b>	<b>6,006,549</b>	<b>81,697,814</b>
Issued shares	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	15,192,398	15,192,398
Transfer to reserves	-	3,798,099	614,596	-	(3,798,099)	614,596
Prior year adjustment	-	-	-	-	(80)	(80)
Dividends	-	-	-	-	-	-
<b>Balance at 30 September 2020</b>	<b>54,000,000</b>	<b>11,237,013</b>	<b>14,866,947</b>	<b>-</b>	<b>17,400,767</b>	<b>97,504,727</b>
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	-	-	-	-	-	-
<b>Balance at 30 September 2019</b>	<b>54,000,000</b>	<b>7,438,914</b>	<b>14,252,351</b>	<b>-</b>	<b>6,006,549</b>	<b>81,697,814</b>

Authenticated by the Directors:

Than Win Swe  
Director

Christopher Loh  
MD & Chief Executive Officer

Leong Yang Yang  
Head of Finance

## Statement of Cash Flows

for the Year Ended 30 September 2020

	The Group		The Bank	
	2020 MMK'000	2019 MMK'000	2020 MMK'000	2019 MMK'000
<b>Cashflows from operating activities</b>				
<b>Profit before tax</b>	<b>20,026,090</b>	<b>19,451,041</b>	<b>20,083,143</b>	<b>18,124,162</b>
<b>Adjustment</b>				
Prior year adjustment	(80)	64,373	(80)	87,236
Depreciation & amortisation expenses	3,040,949	2,387,163	2,915,869	2,302,838
Depreciation expenses of Right-of-use assets	2,377,944	-	2,377,944	-
Impairment on loan	614,596	3,708,185	614,596	3,708,185
Net gain on disposal of fixed assets	(272,690)	(279,760)	(272,623)	(279,760)
Write off fixed asset	63,705	-	63,705	-
Finance cost	312,102	-	312,102	-
Dividend received	(312,747)	-	(312,747)	-
<b>Changes in</b>				
Loan and advances	(76,323,579)	(84,326,482)	(75,389,318)	(84,326,482)
Other assets	(82,096,733)	(8,001,231)	(82,090,897)	(7,055,884)
Deposit from customers	137,261,920	100,669,499	136,249,673	101,783,326
Other liabilities	43,188,483	10,148,661	43,172,484	10,367,709
	<b>48,879,960</b>	<b>43,821,450</b>	<b>47,723,850</b>	<b>44,711,331</b>
Finance cost	(546,600)	-	(546,600)	-
Income tax paid	(5,795,078)	(3,390,363)	(5,635,000)	(3,090,363)
<b>Net cash from (used in) operating activities</b>	<b>42,538,283</b>	<b>40,431,087</b>	<b>41,542,250</b>	<b>41,620,968</b>
<b>Cashflows from investing activities</b>				
Acquisition of property, plant and equipment	(4,821,925)	(630,386)	(4,819,146)	(630,386)
Acquisition of Right-of-use assets	(558,000)	-	(558,000)	-
Disposal of fixed assets	532,536	617,233	528,736	617,233
Acquisition of Intangible asset	(27,772)	-	(27,772)	-
Purchase of Government treasury bonds	(103,460,000)	(35,000,000)	(102,760,000)	(35,000,000)
Dividend received	-	-	312,747	-
<b>Net cash used in investing activities</b>	<b>(108,335,162)</b>	<b>(35,013,153)</b>	<b>(107,323,435)</b>	<b>(35,013,153)</b>
<b>Cashflows from financing activities</b>				
Issue of share capital	(487,253)	-	-	-
Borrowings /repayment of loan	73,262,509	8,264,791	72,262,509	8,264,791
<b>Net cash from financing activities</b>	<b>72,775,256</b>	<b>8,264,791</b>	<b>72,262,509</b>	<b>8,264,791</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6,978,377</b>	<b>13,682,724</b>	<b>6,481,325</b>	<b>14,872,605</b>
Cash and cash equivalents at beginning of the year	173,216,911	159,534,187	173,209,957	158,337,352
<b>Cash and cash equivalents at end of the year</b>	<b>180,195,288</b>	<b>173,216,911</b>	<b>179,691,282</b>	<b>173,209,957</b>

Authenticated by the Directors:

Than Win Swe  
Director

Christopher Loh  
MD & Chief Executive Officer

Leong Yang Yang  
Head of Finance

## 1 General

uab bank Limited and its subsidiary (the Group) 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, Oaktaya Thiri Township, Nay Pyi Taw, Myanmar. The Directorate of Investment and Company Administration (DICA) has issued incorporation certificate to the Bank on 14 June 2010 as per Registration No.390/2010-2011 under The Myanmar Companies Act. The Group has renewed its incorporation certificate under new Myanmar Companies Law 2017 and obtained new registration certificate number 189354002. The banking business were operated under License No. MaVaBa/PaBa(R) 14/8/2016 issued by the Central Bank of Myanmar (CBM) on 24 August 2016 under Section 14(A) of Financial Institutions of Myanmar Law (2016).

## 2 Summary of Significant Accounting Policies

### 2.1 Accounting Period

The accounting period is from 1 October 2019 to 30 September 2020, the fiscal year under the existing Law of Myanmar.

2.2 Opening Balances as at 1 October 2019 are carried forward from the financial statements for the financial year ended 30 September 2019, 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 (MFRSs) 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 year, 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 Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting 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.

# Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020

---

## 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 assets 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.

## 2.4.3 Impairment of Financial Assets (continued)

### Credit Quality

The Bank categorises its loans and advances in accordance with CBM regulation. Based on the instructions and guidances 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.

#### (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 as 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 year, 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 Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group 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 Group retains an option to repurchase part of a transferred asset), the Group 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.

# Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020

---

## 2.4.4 Derecognition of Financial Assets (continued)

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 year. 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 IAS 37; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

### 2.5.3 Derecognition of Financial Liabilities

The Group derecognises financial liabilities when, and only when, the Group'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 Group 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 Group'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 machinery and other equipment	5-10 years
· Furniture, fixtures and fittings	5-10 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 Investment Property

The Group recognises investment property as an asset when, and only when:

- it is probable that the future economic benefits that are associated with the investment property will flow to the entity; and
- the cost of the investment property can be measured reliably

An investment property is measured at cost on initial recognition & transactions cost are included in initial measurement. Subsequently, investment property is measured at fair value, which is based on the valuation by independent valuer. A gain or loss arising from a change in the fair value of investment property shall be recognised in profit or loss for the period in which it arises.

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in profit or loss in the period of the retirement or disposal.

# Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020

---

## 2.9 Intangible Assets

Intangible assets are identifiable non-monetary assets such as software licenses and rights without physical substance. They are recognised only if it is probable that the asset will generate future benefit for the entity. Those assets 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.

## 2.10 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.

## 2.11 Impairment of Tangible and Intangible Assets other than Goodwill

At the end of each reporting period, the Group 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 Group 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.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cashflows 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 cashflows 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.

## 2.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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).

## 2.12 Provisions (continued)

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.

## 2.13 Taxation

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

### 2.13.1 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 Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting year.

### 2.13.2 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 2.13.3 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 Group's accounting policies and that have the most significant effect on the amount recognised in the financial statements.

# Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020

---

## 2.14 Capital and Equity Instruments

### 2.14.1 Classification as Debt or Equity

Debt and equity instruments issued by the Group 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.

### 2.14.2 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 Group are recognised at the proceeds received, net of direct issue costs. Repurchase of the Group'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 Group's own equity instruments.

## 2.15 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 Group. The Group 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 Group's activities are met as follows:

### 2.15.1 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".

### 2.15.2 Fees and Commission Income

Fee income is earned from a diverse range of services provided by the Group 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.

## 2.16 IFRS 16 Leases

The Group adopted IFRS 16 with an initial application date of 01 October 2019. The Group applied modified retrospective transition method and thus prior comparatives were not restated. The Group also elected to apply the practical expedient that allows the Group to rely on its assessment of whether leases were onerous by applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment view.

The Group rents its offices in most of the cities in which it operates. In addition, the Group also rents motor vehicles.

## 2.16 IFRS 16 Leases (continued)

Previously, each lease contract was qualified either as finance leases, or as operating lease, with accounting treatment appropriate for each category. In application of IFRS 16, all lease contracts are now recognised in right-of-use assets and in lease liabilities by a debt corresponding to the discounted value of future payments. Lease term is defined on a contract-by contract basis and corresponds to the firm period of the commitment taking into account any optional periods that are reasonably certain to be exercised.

The transition method used consists in recognising the cumulative effect of the initial application as an adjustment on opening equity, by considering that the right-of-use of the underlying asset is equal to the amount of the lease liability, adjusted by the amount of rents paid in advances as well as lease incentives received from the landlord and, where applicable, repair costs. The contractual rents corresponding to low unit value assets are directly in expenses.

The discount rates applied as of the transition date is based on the Group's marginal lending rate for secured loan. These discount rates are determined with respect to the remaining terms of lease from the date of first-time application, namely 01 October 2019.

## 2.17 Foreign Currency Translations

The consolidated financial statements of the Group are measured and presented in the currency of the primary economic environment in which the Group operates (its functional currency). The functional currency of the Group is assessed to be the Myanmar kyat (MMK) by the Management.

In preparing the financial statements for the Group, transactions in currencies other than the Group'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 year.

## 3 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 2, the Directors of the Group are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other factors that are considered to be relevant. Actual results may differ from these estimates.

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

### 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.

# Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020

## 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 cashflows 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 Group 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	
	2020 MMK'000	2019 MMK'00	2020 MMK'000	2019 MMK'000
Loans and receivables	1,106,282,373	928,433,055	1,098,946,373	920,797,055
Financial liabilities	1,272,958,689	1,063,434,260	1,273,060,268	1,064,548,086

### 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 year, the Group did not hold any financial instruments which are measured at fair value on a recurring basis.

## 5 Financial Risk Management

The Group's activities are principally related to extending loans and advances, accepting deposits and carrying out transactions. These expose the Group 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 Group's business. The Group adopts the risk management set out in accordance to the risk appetite of the Group, which encompass a variety of controls and reporting processes. These not only include risk parameters for the various financial instruments that the Group may undertake, but also directions on the types of business is conducted.

The Group 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 Group. Management has a credit policy in place. The Group generally holds, full collateral against the credit facilities granted and the right to dispose of the collaterals when certain exposure thresholds are exceeded. The Group 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 Group'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 Group 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 Group 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.

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 Group'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 Group 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.

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Cash and cash equivalents	180,195,288	173,216,911	179,691,282	173,209,957
Loan and advances	820,522,373	746,133,055	809,522,373	734,133,055
Investment securities	285,760,000	182,300,000	289,424,000	186,664,000
Other assets	108,526,650	45,042,029	105,970,892	43,126,369
	<b>1,395,004,310</b>	<b>1,146,691,995</b>	<b>1,384,608,547</b>	<b>1,137,133,381</b>
<b>Off-balance sheet</b>				
Performance guarantee	62,266,013	45,593,555	62,266,013	45,593,555
Contingent liabilities	4,927,653	35,583,640	4,927,653	35,583,640
Commitments	51,946,982	52,543,300	50,147,482	52,543,300
	119,140,647	133,720,495	117,341,147	133,720,495
<b>Total maximum exposure to credit risk</b>	<b>1,514,144,958</b>	<b>1,280,412,490</b>	<b>1,501,949,694</b>	<b>1,270,853,876</b>

## Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020

### 5.1.1 Maximum Exposure to Credit Risk (continued)

#### Collateral and Other Credit Enhancements

In respect of the Group's deposit with other banks, the Group 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 and 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 Group's loan and advances based on exposure by industry as at the end of the reporting period:

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Agricultural	1,513,428	929,077	1,513,428	929,077
Livestock	1,746,331	999,052	1,746,331	999,052
Manufacturing	88,214,849	81,129,977	88,214,849	81,129,977
Trading	317,173,651	304,397,222	317,173,651	304,397,222
Transportation	7,478,425	2,724,557	7,478,425	2,724,557
Construction	134,095,445	162,024,680	134,095,445	162,024,680
Service	185,863,806	131,899,810	185,863,806	131,899,810
Housing loan	12,846,036	9,854,338	12,846,036	9,854,338
Pledge	1,548,620	428,150	1,548,620	428,150
Hire purchase	11,885,602	3,739,169	11,885,602	3,739,169
Staff loan	1,645,213	1,458,673	1,645,213	1,458,673
General	41,161,356	35,310,342	30,161,356	23,310,342
Loans to other banks	19,852,800	10,526,400	19,852,800	10,526,400
Credit cards	1,774,016	1,969,908	1,774,016	1,969,908
<b>Total</b>	<b>826,799,579</b>	<b>747,391,355</b>	<b>815,799,579</b>	<b>735,391,355</b>



# Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020



## 5.1.3 Credit Quality of Loans and Advances

Loans and advances are graded by the Group 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			2020			2019		
Classification of loans & advances	Days past due	Provision on short-falls in security value	MMK'000			MMK'000		
			NPL * loans & advances	Interest in suspense and claim A/c balance	Valuation of security	NPL * loans & advances	Interest in suspense and claim A/c balance	Valuation of security
Standard	30	0%	745,261,772	-	1,121,279,693	674,059,591	-	1,056,009,172
Watch	31-60	5%	3,832,566	-	2,024,440	1,281,030	-	1,648,903
Substandard	61-90	25%	14,018,950	-	16,805,250	28,681,951	-	44,402,344
Doubtful	91-180	50%	2,719,046	314,704	3,213,210	2,335,634	266,851	4,327,828
Loss	over 180	100%	60,967,246	41,448,466	54,952,080	41,033,149	17,867,152	46,606,160
			<b>826,799,579</b>	<b>41,763,171</b>	<b>1,198,274,673</b>	<b>747,391,355</b>	<b>18,134,004</b>	<b>1,152,994,408</b>

Gross NPL %=

5.52%

4.90%

\*  $NPL = \frac{\text{Gross NPL Balance} + \text{Claim Account} - \text{IIS}}{\text{Gross Loan Balance}}$

The Bank CBM's notification no. 17/2017			2020			2019		
Classification of loans & advances	Days past due	Provision on short-falls in security value	MMK'000			MMK'000		
			NPL * loans & advances	Interest in suspense and claim A/c balance	Valuation of security	NPL * loans & advances	Interest in suspense and claim A/c balance	Valuation of security
Standard	30	0%	734,261,772	-	1,121,279,693	662,059,591	-	1,056,009,172
Watch	31-60	5%	3,832,566	-	2,024,440	1,281,030	-	1,648,903
Substandard	61-90	25%	14,018,950	-	16,805,250	28,681,951	-	44,402,344
Doubtful	91-180	50%	2,719,046	314,704	3,213,210	2,335,634	266,851	4,327,828
Loss	over 180	100%	60,967,246	41,448,466	54,952,080	41,033,149	17,867,152	46,606,160
			<b>815,799,579</b>	<b>41,763,171</b>	<b>1,198,274,673</b>	<b>735,391,355</b>	<b>18,134,004</b>	<b>1,152,994,408</b>

Total NPL % =

5.60%

4.98%

\*  $NPL = \frac{\text{Gross NPL Balance} + \text{Claim Account} - \text{IIS}}{\text{Gross Loan Balance}}$

# Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020

The Bank	2020		2019	
	MMK'000		MMK'000	
	Loans & advances	Investment securities	Loans & advances	Investment securities
Neither past due nor impaired	745,261,772	285,760,000	674,059,591	182,300,000
Past due but not impaired	17,851,516	-	29,962,981	-
Individually past due and impaired	63,686,291	-	43,368,783	-
	<b>826,799,579</b>	<b>285,760,000</b>	<b>747,391,355</b>	<b>182,300,000</b>

The Bank	2020		2019	
	MMK'000		MMK'000	
	Loans & advances	Investment securities	Loans & advances	Investment securities
Neither past due nor impaired	734,261,772	289,424,000	662,059,591	186,664,000
Past due but not impaired	17,851,516	-	29,962,981	-
Individually past due and impaired	63,686,291	-	43,368,783	-
	<b>815,799,579</b>	<b>289,424,000</b>	<b>735,391,355</b>	<b>186,664,000</b>

## 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.

# Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020



## 5.2 Liquidity Risk (continued)

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	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Liquidity ratio	31.36%	26.14%	30.40%	24.18%

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

### 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 Consolidated Financial Statements

for the Year Ended 30 September 2020

### 5.2.1 Maturity Analysis

The Group	On demand or less than 3 months	3 to 12 months	Over one year	No specific Maturity	Total
<b>2020</b>	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)
<b>Assets</b>					
Cash and cash equivalents	179,695,288	500,000	-	-	180,195,288
Loan and advances to customers	240,562,816	286,778,592	293,180,966	-	820,522,373
Investment Securities	-	10,000,000	275,430,000	330,000	285,760,000
Other assets	48,428,943	48,157,215	12,604,611	102,000	109,292,770
	<b>468,687,047</b>	<b>345,435,807</b>	<b>581,215,577</b>	<b>432,000</b>	<b>1,395,770,431</b>
<b>Liabilities</b>					
Deposit from banks	33,590,683	19,237	109,928	-	33,719,849
Deposit from customers	410,509,439	238,854,984	469,521,617	-	1,118,886,040
Other liabilities	161,369,820	9,364,075	31,309,072	3,973,889	206,016,856
	<b>605,469,941</b>	<b>248,238,296</b>	<b>500,940,618</b>	<b>3,973,889</b>	<b>1,358,622,745</b>
<b>On-Balance Sheet Liquidity Gap</b>	<b>(136,782,894)</b>	<b>97,197,510</b>	<b>80,274,959</b>	<b>(3,541,889)</b>	<b>37,147,686</b>
<b>Off-balance sheet</b>					
Performance Guarantee	740,008	-	4,035,138	-	4,775,146
Contingent liabilities	2,045,813	-	172,784	-	2,218,597
Commitments	50,147,482	4,500	1,795,000	-	51,946,982
<b>Off-balance sheet Liquidity Gap</b>	<b>52,933,303</b>	<b>4,500</b>	<b>6,002,922</b>	<b>-</b>	<b>58,940,725</b>
<b>Net Liquidity Gap</b>	<b>(189,716,197)</b>	<b>97,193,010</b>	<b>74,272,037</b>	<b>(3,541,889)</b>	<b>(21,793,039)</b>

# Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020



The Group	On demand or less than 3 months	3 to 12 months	Over one year	No specific Maturity	Total
<b>2019</b>	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)
<b>Assets</b>					
Cash and cash equivalents	173,216,911	-	-	-	173,216,911
Loan and advances to customers	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
	<b>388,888,088</b>	<b>291,002,603</b>	<b>466,981,775</b>	<b>432,000</b>	<b>1,147,304,466</b>
<b>Liabilities</b>					
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
	<b>419,309,363</b>	<b>275,007,525</b>	<b>411,687,207</b>	<b>100</b>	<b>1,106,004,193</b>
<b>On-Balance Sheet Liquidity Gap</b>	<b>(30,421,274)</b>	<b>15,995,079</b>	<b>55,294,568</b>	<b>431,900</b>	<b>41,300,272</b>
<b>Off-balance sheet</b>					
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
<b>Off-balance sheet Liquidity Gap</b>	<b>75,920,202</b>	<b>-</b>	<b>13,040,852</b>	<b>-</b>	<b>88,961,054</b>
<b>Net Liquidity Gap</b>	<b>(106,341,476)</b>	<b>15,995,079</b>	<b>42,253,716</b>	<b>431,900</b>	<b>(47,660,782)</b>

## Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020

<b>The Bank</b>	<b>On demand or less than 3 months</b>	<b>3 to 12 months</b>	<b>Over one year</b>	<b>No specific Maturity</b>	<b>Total</b>
<b>2020</b>	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)
<b>Assets</b>					
Cash and cash equivalents	179,691,282	-	-	-	179,691,282
Loan and advances to customers	240,562,816	280,778,592	288,180,966	-	809,522,373
Investment Securities	-	10,000,000	273,230,000	6,194,000	289,424,000
Other assets	48,184,524	45,957,921	12,594,568	-	106,737,013
	<b>468,438,622</b>	<b>336,736,512</b>	<b>574,005,533</b>	<b>6,194,000</b>	<b>1,385,374,667</b>
<b>Liabilities</b>					
Deposit from banks	33,590,683	19,237	109,928	-	33,719,849
Deposit from customers	410,566,026	238,862,408	469,559,186	-	1,118,987,619
Other liabilities	161,354,861	9,132,737	31,232,610	3,973,789	205,693,997
	<b>605,511,570</b>	<b>248,014,383</b>	<b>500,901,724</b>	<b>3,973,789</b>	<b>1,358,401,465</b>
<b>On-Balance Sheet Liquidity Gap</b>	<b>(137,072,948)</b>	<b>88,722,130</b>	<b>73,103,809</b>	<b>2,220,211</b>	<b>26,973,202</b>
<b>Off-balance sheet</b>					
Performance Guarantee	740,008	-	4,035,138	-	4,775,146
Contingent liabilities	2,045,813	-	172,784	-	2,218,597
Commitments	50,147,482	-	-	-	50,147,482
<b>Off-balance sheet Liquidity Gap</b>	<b>52,933,303</b>	<b>-</b>	<b>4,207,922</b>	<b>-</b>	<b>57,141,225</b>
<b>Net Liquidity Gap</b>	<b>(190,006,251)</b>	<b>88,722,130</b>	<b>68,895,887</b>	<b>2,220,211</b>	<b>(30,168,023)</b>

# Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020



<b>The Bank</b>	<b>On demand or less than 3 months</b>	<b>3 to 12 months</b>	<b>Over one year</b>	<b>No specific Maturity</b>	<b>Total</b>
<b>2019</b>	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)
<b>Assets</b>					
Cash and cash equivalents	173,209,957	-	-	-	<b>173,209,957</b>
Loan and advances to customers	173,212,166	249,103,736	311,817,153	-	<b>734,133,055</b>
Investment Securities	23,000,000	8,300,000	149,170,000	6,194,000	<b>186,664,000</b>
Other assets	19,405,573	19,854,218	4,479,050	-	<b>43,738,840</b>
	<b>388,827,696</b>	<b>277,257,953</b>	<b>465,466,203</b>	<b>6,194,000</b>	<b>1,137,745,852</b>
<b>Liabilities</b>					
Deposit from banks	6,450,440	77,683	443,900	-	<b>6,972,023</b>
Deposit from customers	341,578,508	269,477,880	398,429,385	-	<b>1,009,485,773</b>
Other liabilities	71,619,220	5,101,475	13,409,777	-	<b>90,130,472</b>
	<b>419,648,168</b>	<b>274,657,038</b>	<b>412,283,062</b>	<b>-</b>	<b>1,106,588,268</b>
<b>On-Balance Sheet Liquidity Gap</b>	<b>(30,820,472)</b>	<b>2,600,916</b>	<b>53,183,141</b>	<b>6,194,000</b>	<b>31,157,585</b>
<b>Off-balance sheet</b>					
Performance Guarantee	949,280	-	6,851,935	-	<b>7,801,215</b>
Contingent liabilities	22,427,622	-	6,188,917	-	<b>28,616,539</b>
Commitments	52,543,300	-	-	-	<b>52,543,300</b>
<b>Off-balance sheet Liquidity Gap</b>	<b>75,920,202</b>	<b>-</b>	<b>13,040,852</b>	<b>-</b>	<b>88,961,054</b>
<b>Net Liquidity Gap</b>	<b>(106,740,674)</b>	<b>2,600,916</b>	<b>40,142,289</b>	<b>6,194,000</b>	<b>(57,803,470)</b>

## Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020

### 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 2020, the interest rates on loans are subject to the following maximum caps:

	Old Rate		New Rate*	
	Secured	Unsecured	Secured	Unsecured
· Loans and advances	13.00%	16.00%	10.00%	14.50%
· Overdraft	13.00%	16.00%	10.00%	14.50%
· Hire purchase	13.00%	16.00%	10.00%	14.50%
· Staff loan	9.25%	9.25%	8.50%	8.50%
· Credit Card*	-	13.0%	-	13.00%

\*Credit usage charges of 13% applies

\*New Rate is applicable from 1 April 2020 onwards

As at 30 September 2020, the interest rates on deposits are subject to the following minimums:

	Old Rate	New Rate*
· Saving deposits	8.25% - 8.6%	6%
· Fixed deposits		
Thirty days	8.50%	6.50%
Ninety days	8.75%	6.75%
One hundred and eighty days	9.00%	7.00%
Two hundred and seventy days	9.00%	7.00%
One year	9.00%	7.25%
· Interest rate on Call Deposit	6.00%	5.00%

\*New Rate is applicable from 1 April 2020 onwards

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 Consolidated Financial Statements

for the Year Ended 30 September 2020



## 5.3 Interest Rate Risk (Continued)

### The Group

	Within 3 months	3 months to 12 months	Over One year	Non-interest bearing	Total
	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)
<b>2020</b>					
<b>ASSETS</b>					
Cash and cash equivalents	319,262	500,000	-	179,376,026	180,195,288
Loans and advances	240,562,816	286,778,592	293,180,966	-	820,522,373
Investment securities	-	10,000,000	275,430,000	330,000	285,760,000
Other assets	-	45,808,000	-	-	45,808,000
	<b>240,882,078</b>	<b>343,086,592</b>	<b>568,610,966</b>	<b>179,706,026</b>	<b>1,332,285,661</b>
<b>LIABILITIES</b>					
Deposit from banks	7,008,245	19,237	109,928	26,582,438	33,719,849
Deposit from customers	309,805,376	238,854,984	469,521,617	100,704,063	1,118,886,040
Borrowings	112,500,000	7,852,800	-	-	120,352,800
	<b>429,313,621</b>	<b>246,727,022</b>	<b>469,631,546</b>	<b>127,286,501</b>	<b>1,272,958,689</b>
<b>NET INTEREST RATE GAP</b>	<b>(188,431,543)</b>	<b>96,359,570</b>	<b>98,979,420</b>	<b>52,419,524</b>	<b>59,326,972</b>

	Within 3 months	3 months to 12 months	Over One year	Non-interest bearing	Total
	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)
<b>2019</b>					
<b>ASSETS</b>					
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
	<b>203,886,535</b>	<b>269,403,736</b>	<b>462,487,153</b>	<b>165,872,543</b>	<b>1,101,649,966</b>
<b>LIABILITIES</b>					
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	1,008,371,947
Borrowing	48,090,291	-	-	-	48,090,291
	<b>305,722,874</b>	<b>269,440,061</b>	<b>398,277,430</b>	<b>89,993,895</b>	<b>1,063,434,260</b>
<b>NET INTEREST RATE GAP</b>	<b>(101,836,339)</b>	<b>(36,325)</b>	<b>64,209,723</b>	<b>75,878,647</b>	<b>38,215,706</b>

## Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020

### The Bank

	Within 3 months	3 months to 12 months	Over One year	Non-interest bearing	Total
2020	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)
<b>ASSETS</b>					
Cash and cash equivalents	319,262	-	-	179,372,019	179,691,282
Loans and advances	240,562,816	280,778,592	288,180,966	-	809,522,373
Investment securities	-	10,000,000	273,230,000	6,194,000	289,424,000
Other assets	-	45,808,000	-	-	45,808,000
	<b>240,882,078</b>	<b>336,586,592</b>	<b>561,410,966</b>	<b>185,566,019</b>	<b>1,324,445,655</b>
<b>LIABILITIES</b>					
Deposit from banks	7,008,245	19,237	109,928	26,582,438	33,719,849
Deposit from customers	309,832,820	238,862,408	469,559,186	100,733,206	1,118,987,619
Borrowings	112,500,000	7,852,800	-	-	120,352,800
	<b>429,341,065</b>	<b>246,734,445</b>	<b>469,669,114</b>	<b>127,315,644</b>	<b>1,273,060,268</b>
<b>NET INTEREST RATE GAP</b>	<b>(188,458,987)</b>	<b>89,852,146</b>	<b>91,741,851</b>	<b>58,250,376</b>	<b>51,385,386</b>

	Within 3 months	3 months to 12 months	Over One year	Non-interest bearing	Total
2019	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)
<b>ASSETS</b>					
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
	<b>203,849,807</b>	<b>257,403,736</b>	<b>460,987,153</b>	<b>171,766,316</b>	<b>1,094,007,012</b>
<b>LIABILITIES</b>					
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	1,009,485,772
Borrowing	48,090,291	-	-	-	48,090,291
	<b>306,093,134</b>	<b>269,555,563</b>	<b>398,873,284</b>	<b>90,026,106</b>	<b>1,064,548,086</b>
<b>NET INTEREST RATE GAP</b>	<b>(102,243,327)</b>	<b>(12,151,827)</b>	<b>62,113,869</b>	<b>81,740,211</b>	<b>29,458,926</b>

# Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020



## 6 Capital Management

The objectives of the Group's capital management are to maintain an optimal level of capital, which is adequate to support business growth, commensurate with the Group'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, supplementary 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	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	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 (%)	10.49%	9.58%	9.97%	8.99%

The Bank met the minimum capital adequacy ratio requirement 8% set by Central Bank of Myanmar (CBM) as at 30 September 2020, 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 Group, directly or indirectly, including any director (whether executive or otherwise) of the Bank.

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

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Director expenses	162,000	12,000	162,000	12,000
Short term employee benefits	16,905,620	16,737,494	16,789,134	16,655,690
	<b>17,067,620</b>	<b>16,749,494</b>	<b>16,951,134</b>	<b>16,667,690</b>

## Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020

### 8 Cash and Cash Equivalents

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Cash and balances with Central Bank of Myanmar	59,690,141	93,212,521	59,690,141	93,212,521
Cash and balances with other banks	48,370,580	20,213,818	47,867,075	20,209,300
Cash in hand	72,134,567	59,790,572	72,134,066	59,788,136
	<b>180,195,288</b>	<b>173,216,911</b>	<b>179,691,282</b>	<b>173,209,957</b>

### 9 Loans and Advances to Customers

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Credit cards	1,774,016	1,969,908	1,774,016	1,969,908
Hire purchase	11,885,602	3,739,169	11,885,602	3,739,169
Short-term loans	510,093,081	437,449,705	499,093,081	425,449,705
Loans and advances to banks	19,852,800	10,526,400	19,852,800	10,526,400
Overdrafts	281,548,868	292,247,500	281,548,868	292,247,500
Staff loans	1,645,213	1,458,673	1,645,213	1,458,673
<b>Total loans and advances to customers</b>	<b>826,799,579</b>	<b>747,391,355</b>	<b>815,799,579</b>	<b>735,391,355</b>
(-) Provision for bad and doubtful debt (SP)	6,277,207	1,258,300	6,277,207	1,258,300
<b>Net loans and advances</b>	<b>820,522,373</b>	<b>746,133,055</b>	<b>809,522,373</b>	<b>734,133,055</b>

### 10 Investment Securities

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Held to maturity				
Investment in Government Securities (Treasury bonds)	285,430,000	181,970,000	283,230,000	180,470,000
Investment in Government Securities (Treasury bills)	-	-	-	-
<b>Available-for-sales securities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- 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
	<b>285,760,000</b>	<b>182,300,000</b>	<b>289,424,000</b>	<b>186,664,000</b>

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

### 11 Property, Plant & Equipment

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

# Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020



## 12 Right-of-use assets

Details are shown in “Annexure (II)”, additions and payments during the year had already been approved by the Board of Directors.

## 13 Investment Properties

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Balance at 1 October	947,700		947,700	-
Transfers	-	952,251	-	952,251
Disposals	-	-	-	-
Depreciation charge	(18,202)	(4,550)	(18,202)	(4,550)
<b>Balance at 30 September</b>	<b>929,499</b>	<b>947,700</b>	<b>929,499</b>	<b>947,700</b>
Represented by:				
Cost	1,029,123	1,029,123	1,029,123	1,029,123
Accumulated depreciation	(99,624)	(81,423)	(99,624)	(81,423)
<b>Net carrying amount</b>	<b>929,499</b>	<b>947,700</b>	<b>929,499</b>	<b>947,700</b>
Freehold property	-	-	-	-
Leasehold property	929,499	947,700	929,499	947,700
<b>Balance at 30 September</b>	<b>929,499</b>	<b>947,700</b>	<b>929,499</b>	<b>947,700</b>

## 14 Intangible Assets

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Balance at the beginning of year	966,745	1,144,302	694,524	790,661
Acquisition	27,772	100,141	27,772	100,141
Transfer/ adjustment	-	(9,898)	-	(9,898)
Amortised	(347,842)	(267,800)	(225,712)	(186,380)
<b>Balance at the end of year</b>	<b>646,675</b>	<b>966,745</b>	<b>496,584</b>	<b>694,524</b>

## 15 Deferred Tax

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
<b>Deferred tax liabilities on:</b>				
Unrealised gain on AFS financial assets	-	-	-	-
Accelerated tax depreciation	-	-	-	-
Unrealised gain on financial instruments FV through P&L	-	-	-	-
Others	-	-	-	-
	-	-	-	-

## Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020

### 15 Deferred Tax (Continue)

Deferred tax assets on:

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Unrealised loss on AFS financial assets	-	-	-	-
Allowance for impairment	766,120	612,471	766,120	612,471
Tax losses	-	-	-	-
Unrealised Loss on financial instruments FV through P&L	-	-	-	-
Others	-	-	-	-
	<b>766,120</b>	<b>612,471</b>	<b>766,120</b>	<b>612,471</b>

### 16 Other Assets

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Interest receivables	9,626,000	9,943,479	7,300,581	8,445,446
Prepaid and advances	40,036,412	28,141,235	39,926,218	27,723,609
Card receivables	247,154	292,288	247,154	292,288
Inventories	394,651	195,399	394,651	195,399
Fixed Deposits - 1 year	45,808,000	-	45,808,000	-
Others	12,414,433	6,469,627	12,294,289	6,469,627
	<b>108,526,650</b>	<b>45,042,028</b>	<b>105,970,892</b>	<b>43,126,369</b>

### 17 Deposits and Placements with Banks

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Current deposits	26,582,438	6,417,147	26,582,438	6,417,147
Saving deposits	137,411	554,876	137,411	554,875
Fixed deposits	7,000,000	-	7,000,000	-
	<b>33,719,849</b>	<b>6,972,023</b>	<b>33,719,849</b>	<b>6,972,023</b>

### 18 Deposits from Customers

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Current deposits	100,704,063	83,576,748	100,733,206	83,608,958
Saving deposits	561,462,708	490,085,030	561,467,209	490,268,521
Fixed deposits	440,616,368	423,179,158	440,616,368	423,179,158
Call deposits	16,102,902	11,531,010	16,170,836	12,429,136
	<b>1,118,886,040</b>	<b>1,008,371,946</b>	<b>1,118,987,619</b>	<b>1,009,485,773</b>

# Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020



## 19 Borrowings

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Borrowings from Foreign Banks in local (Foreign Currency)	7,852,800	3,830,000	7,852,800	3,830,000
Borrowing from Local Private Banks (Local Currency)	112,500,000	44,260,291	112,500,000	44,260,291
	<b>120,352,800</b>	<b>48,090,291</b>	<b>120,352,800</b>	<b>48,090,291</b>

## 20 Other Liabilities

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Accrued interest payable	4,821,279	4,764,094	4,821,279	4,764,094
Accrued operating expenses	1,196,647	744,344	1,169,685	676,925
Provision for income taxes	1,455,877	5,551,983	1,228,261	5,101,475
Provision for others	851,677	800,000	851,677	800,000
Sundry creditors	39,331,257	14,793,964	39,315,760	14,793,963
Deferred income	17,857	28,474	17,857	28,473
Others	34,015,673	15,887,076	33,962,889	15,875,251
	<b>81,690,267</b>	<b>42,569,934</b>	<b>81,367,408</b>	<b>42,040,181</b>

## 21 Lease liabilities

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Lease Liability of Building Lease	950,424	-	950,424	-
Lease Liability of Leasing Cars	2,234,818	-	2,234,818	-
Lease Liability of Dismantlings	788,546	-	788,546	-
	<b>3,973,789</b>	<b>-</b>	<b>3,973,789</b>	<b>-</b>

## Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020

### 22 Share Capital

	The Group		The Bank	
	2020 MMK'000	2019 MMK'000	2020 MMK'000	2019 MMK'000
<b>Ordinary shares, MMK 500,000 per share</b>				
<b>Issued and fully paid-up</b>				
Beginning of year				
2020 - 108,000 shares; 2019 - 108,000 shares	54,000,000	54,000,000	54,000,000	54,000,000
Shares issued during the year				
2020 - Nil shares ; 2019 - Nil shares	-	-	-	-
Balance at end of year				
2020 - 108,000 shares; 2019 - 108,000 shares	<b>54,000,000</b>	<b>54,000,000</b>	<b>54,000,000</b>	<b>54,000,000</b>

The Bank has authorised capital of MMK 75 billion and the amount of issued and paid-up capital as of 30 September 2020 was MMK 54 billion divided into 108,000 shares at MMK 500,000 each. The Bank has not issued any additional shares during the year from 1 October 2019 to 30 September 2020.

### 23 Reserves

	The Group		The Bank	
	2020 MMK'000	2019 MMK'000	2020 MMK'000	2019 MMK'000
<b>Statutory reserve fund</b>				
Opening balance	7,438,914	4,030,124	7,438,914	4,030,124
Addition for the year	3,798,099	3,408,790	3,798,099	3,408,790
Closing balance	<b>11,237,013</b>	<b>7,438,914</b>	<b>11,237,013</b>	<b>7,438,914</b>
<b>Reserve for contingencies</b>				
Opening balance	-	-	-	-
Addition for the year	-	-	-	-
Closing balance	-	-	-	-
<b>General Loan Loss Provision (GP)</b>				
Opening balance	14,252,351	11,802,466	14,252,351	11,802,466
Addition for the year	614,596	2,449,885	614,596	2,449,885
Closing balance	14,866,947	14,252,351	14,866,947	14,252,351
<b>Total</b>	<b>26,103,960</b>	<b>21,691,265</b>	<b>26,103,960</b>	<b>21,691,265</b>



# Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020



## 23 Reserves (continued)

### 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 of Myanmar.

### 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 Instruction No. 17/2017.

## 24 Off-balance sheet

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Performance guarantees	62,266,013	45,593,555	62,266,013	45,593,555
Contingent liabilities	4,927,653	35,583,640	4,927,653	35,583,640
Commitment	50,147,482	52,543,300	50,147,482	52,543,300
	<b>117,341,147</b>	<b>133,720,495</b>	<b>117,341,147</b>	<b>133,720,495</b>

### Performance Guarantees

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

### Contingent Liabilities

Contingent liabilities represent 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 (unutilised 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.

## 25 Interest Income

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Interest on loans to customers	89,285,632	87,486,240	88,161,052	86,046,240
Interest on money market	2,041,750	3,237,283	1,988,499	3,237,281
Interest on deposit auction and SWAP	327,658	172,337	327,658	172,337
Interest on Treasury Bonds	19,623,946	15,521,792	19,471,278	15,382,988
	<b>111,278,986</b>	<b>106,417,652</b>	<b>109,948,487</b>	<b>104,838,846</b>

## Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020

### 25 Interest Income (continued)

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Interest rate on loans and advances	8.0% to 14.5%	13.0% to 16.0%	8.0% to 14.5%	13.0% to 16.0%
Interest rate on Government Securities (Five years Treasury Bonds)	7.5% to 9.75%	9.0% to 10.0%	7.5% to 9.75%	9.0% to 10.0%

### 26 Interest Expenses

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Interest on saving deposit	31,501,717	31,074,468	31,504,580	31,096,403
Interest on call deposit	726,168	784,203	742,255	817,375
Interest on fixed deposit	33,132,252	33,895,558	33,132,252	33,895,558
Interest on Inter-bank deposit	134,425	307,557	134,425	307,557
Interest on borrowing	4,255,363	5,214,959	4,255,336	5,214,959
	<b>69,749,924</b>	<b>71,276,745</b>	<b>69,768,847</b>	<b>71,331,852</b>

### 27 Fees and Commission Income

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Commission on payment order	58,276	52,026	58,276	52,026
Commission on remittance	250,728	339,621	250,728	339,621
Commission on cards	635,368	603,258	635,368	603,258
Service fees	4,040,605	2,578,109	4,040,605	2,578,109
Commitment fees	497,725	488,890	497,725	488,890
Commission on trade related	3,062,563	2,743,865	3,024,063	2,743,865
Commission on brokerage & IB advisory fees	64,573	149,798	-	-
Commission on others	150,000	99,207	150,000	99,207
	<b>8,759,838</b>	<b>7,054,774</b>	<b>8,656,765</b>	<b>6,904,977</b>

### 28 Other Income

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Treasury (Forex) trading income	1,657,366	2,279,390	1,659,650	2,278,115
Interest on other (Operating Lease)	1,055,477	2,965,202	1,055,477	2,965,202
Extension fees on loans and advances	960,180	709,994	960,180	709,994
Exchange gain/(loss) on cards	180,520	135,510	180,520	135,510
Disposal gain/(loss) on fixed assets	247,906	279,760	247,839	279,760
Miscellaneous	305,278	173,888	305,278	173,888
Dividend income from Subsidiary (uabsc)	-	-	312,747	-
	<b>4,406,727</b>	<b>6,543,743</b>	<b>4,721,691</b>	<b>6,542,468</b>

# Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020



## 29 General and Administrative Expenses

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Maintainance and repairs	489,768	620,233	488,426	619,659
Miscellaneous expenses	1,296,939	364,908	1,296,321	364,908
Supplies and services	1,353,804	1,162,804	1,353,053	1,111,017
Rates and taxes	558,123	454,667	552,822	452,637
Insurance expense	18,144	19,105	18,144	19,105
Technology expense	946,182	784,319	739,836	556,706
	<b>4,662,961</b>	<b>3,406,036</b>	<b>4,448,602</b>	<b>3,124,034</b>

## 30 Personnel Expenses

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Salaries and allowances	13,474,194	13,339,127	13,368,725	13,269,469
Staff welfare contribution	90,445	100,386	90,295	100,259
Staff social security contribution	175,166	179,139	174,419	178,315
Recruitment expenses	2,520	210	2,520	210
Staff bonus and rewards	3,165,815	3,118,842	3,155,695	3,107,647
Training expenses	229,406	27,120	229,406	26,502
Director fees and expenses	162,000	12,000	162,000	12,000
	<b>17,299,545</b>	<b>16,776,824</b>	<b>17,183,059</b>	<b>16,694,403</b>

## 31 Operating Lease Expenses

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Rent - Building	49,796	1,365,500	42,097	1,356,144
Rent - Others	364,552	507,606	362,136	507,606
	<b>414,348</b>	<b>1,873,106</b>	<b>404,233</b>	<b>1,863,750</b>

## 32 Other Expenses

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Auditor fees and expenses	23,250	21,196	21,150	21,196
Legal expenses	1,486	10,161	1,486	10,161
Travelling expenses	63,203	146,243	62,499	146,243
Consultant fees	-	4,092	-	4,092
Others	38,486	-	-	-
	<b>126,425</b>	<b>181,692</b>	<b>85,135</b>	<b>181,692</b>

## Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020

### 33 Finance Cost

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Finance Cost of ROU Lease Building	63,482	-	63,482	-
Finance Cost of ROU Leasing Cars	201,022	-	201,022	-
Finance Cost on Dismantling	47,598	-	47,598	-
	<b>312,102</b>		<b>312,102</b>	

### 34 Allowance for Credit and Other Losses

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Specific allowance on / (write-back) of:				
Loans	5,018,907	1,000,398	5,018,907	1,000,398
Cash shortage	-	800,000	-	800,000
Inventory shortage/adjustments	-	335,816	-	335,816
Obsolete Inventory	51,677	-	51,677	-
Write-off fixed assets	62,830	77,462	62,830	77,462
General allowance (2%)	614,596	2,449,885	614,596	2,449,885
	<b>5,748,009</b>	<b>4,663,561</b>	<b>5,748,009</b>	<b>4,663,561</b>

### 35 Taxation

	The Group		The Bank	
	2020	2019	2020	2019
	MMK'000	MMK'000	MMK'000	MMK'000
Tax expense/(credit) attributable to profit or (loss) is made up of:				
Corporate income tax 25%	5,253,408	5,405,292	5,019,610	5,073,572
Capital gain tax 10%	24,784	27,903	24,784	27,903
Current income tax	5,278,192	5,433,195	5,044,394	5,101,475
Deferred income tax	(153,649)	(612,471)	(153,649)	(612,471)
	<b>5,124,543</b>	<b>4,820,724</b>	<b>4,890,745</b>	<b>4,489,004</b>
Under/(over) provision in prior financial years				
Current income tax	-	-	-	-
Deferred income tax	-	-	-	-
	<b>5,124,543</b>	<b>4,820,724</b>	<b>4,890,745</b>	<b>4,489,004</b>

# Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020



## 36 Investment in Subsidiary

	The Group		The Bank	
	2020 MMK'000	2019 MMK'000	2020 MMK'000	2019 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	Norminal 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

## 37 Non-controlling interest

	The Group		The Bank	
	2020 MMK'000	2019 MMK'000	2020 MMK'000	2019 MMK'000
Investment shares, at cost	9,136,000	9,136,000	-	-
Retained earning	691,825	133,196	-	-
Dividend paid	(487,253)	-	-	-
Prior year adjustment	-	(13,925)	-	-
<b>Profit for the year</b>	<b>420,377</b>	<b>572,554</b>	-	-
Profit for the period	431,919	606,118	-	-
URP Adjustment	(11,542)	(33,564)	-	-
	<b>9,760,949</b>	<b>9,827,825</b>	-	-

## 38 Impact of COVID-19 Pandemic

The COVID-19 Pandemic has significantly impacted global economics, resulting in workforce and travel restrictions, supply chain and production disruptions and spending across many sectors.

These factors began having an adverse impact on the bank's operations. Such effects and required mitigating actions will continue to be monitored and evaluated by the management during the FY 2020-2021.

# Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020

## The Group

2020

Property, plant & equipment

Annexure- I

	Land & Building	Office Machine & Other Machine Equipment	Furniture, Fixture & Fitting	Electrical Equipment & Computer Accessories	Vehicles	Total
	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
<b>Cost</b>						
<b>As at 1 October 2019</b>	<b>45,961,054</b>	<b>5,976,415</b>	<b>1,351,633</b>	<b>3,370,476</b>	<b>1,327,177</b>	<b>57,986,754</b>
Additions during the year	4,014,475	523,797	88,976	205,096	14,400	4,846,744
Transfer during the year	(18,185)	(65,599)	(26,230)	(60,228)	-	(170,242)
Adjustment during the year	-	-	-	-	-	-
Disposal	-	(52,844)	(7,897)	(4,177)	(561,504)	(626,421)
Allowance for impairment	-	(486)	-	-	-	(486)
Donation	-	-	-	(3,732)	-	(3,732)
<b>As at 30 September 2020</b>	<b>49,957,344</b>	<b>6,381,282</b>	<b>1,406,482</b>	<b>3,507,436</b>	<b>780,073</b>	<b>62,032,618</b>
<b>Accumulated depreciation</b>						
<b>As at 1 October 2019</b>	<b>3,581,745</b>	<b>2,377,907</b>	<b>344,163</b>	<b>2,154,150</b>	<b>622,115</b>	<b>9,080,081</b>
Charged for the year	978,311	686,211	438,938	457,428	114,018	2,674,906
Transfer during the year	(4,076)	(65,599)	(26,162)	(60,134)	10,711	(145,261)
Adjustment during the year	-	-	-	-	-	-
Disposal	-	(40,279)	(2,480)	(1,515)	(297,518)	(341,792)
Allowance for impairment	-	41,520	17,435	3,608	-	62,563
Donation	-	-	-	(3,236)	-	(3,236)
<b>As at 30 September 2020</b>	<b>4,555,980</b>	<b>2,999,760</b>	<b>771,894</b>	<b>2,550,301</b>	<b>449,326</b>	<b>11,327,260</b>
<b>Net book value as at 30 September 2020</b>	<b>45,401,365</b>	<b>3,381,522</b>	<b>634,589</b>	<b>957,135</b>	<b>330,747</b>	<b>50,705,358</b>

# Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020



## The Group

2019

### Property, plant & equipment

	Land & Building	Office Machine & Other Machine Equipment	Furniture, Fixture & Fitting	Electrical Equipment & Computer Accessories	Vehicles	Total
	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
<b>Cost</b>						
<b>As at 1 October 2018</b>	<b>46,951,761</b>	<b>5,917,156</b>	<b>1,348,262</b>	<b>2,986,330</b>	<b>2,684,654</b>	<b>59,888,162</b>
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)
<b>As at 30 September 2019</b>	<b>45,961,054</b>	<b>5,976,415</b>	<b>1,351,633</b>	<b>3,370,476</b>	<b>1,327,177</b>	<b>57,986,754</b>
<b>Accumulated Depreciation</b>						
<b>As at 1 October 2018</b>	<b>2,842,069</b>	<b>1,786,648</b>	<b>265,002</b>	<b>1,787,154</b>	<b>1,436,222</b>	<b>8,117,095</b>
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)
<b>As at 30 September 2019</b>	<b>3,581,745</b>	<b>2,377,907</b>	<b>344,163</b>	<b>2,154,150</b>	<b>622,115</b>	<b>9,080,081</b>
<b>Net book value as at 30 September 2019</b>	<b>42,379,309</b>	<b>3,598,508</b>	<b>1,007,470</b>	<b>1,216,325</b>	<b>705,062</b>	<b>48,906,673</b>

# Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020

## The Bank

2020

Property, plant & equipment

Annexure I

	Land & Building	Office Machine & Other Machine Equipment	Furniture, Fixture & Fitting	Electrical Equipment & Computer Accessories	Vehicles	Total
	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
<b>Cost</b>						
<b>As at 1 October 2019</b>	<b>45,961,054</b>	<b>5,972,431</b>	<b>1,348,376</b>	<b>3,349,707</b>	<b>1,312,777</b>	<b>57,944,344</b>
Additions during the year	4,014,475	523,797	88,976	202,317	14,400	4,843,964
Transfer during the year	(18,185)	(65,599)	(26,230)	(60,228)	-	(170,242)
Adjustment during the year	-	-	-	-	-	-
Disposal	-	(52,844)	(7,897)	(3,977)	(547,104)	(611,822)
Allowance for impairment	-	(486)	-	-	-	(486)
Donation	-	-	-	(3,732)	-	(3,732)
<b>As at 30 September 2020</b>	<b>49,957,344</b>	<b>6,377,299</b>	<b>1,403,225</b>	<b>3,484,087</b>	<b>780,073</b>	<b>62,002,028</b>
<b>Accumulated Depreciation</b>						
<b>As at 1 October 2019</b>	<b>3,581,745</b>	<b>2,375,589</b>	<b>341,080</b>	<b>2,135,321</b>	<b>612,605</b>	<b>9,046,340</b>
Charged for the year	978,311	685,850	438,928	456,049	112,818	2,671,955
Transfer during the year	(4,076)	(65,599)	(26,162)	(60,134)	10,711	(145,261)
Adjustment during the year	-	-	-	-	-	-
Disposal	-	(40,279)	(2,480)	(1,359)	(286,807)	(330,925)
Allowance for impairment	-	41,520	17,435	3,608	-	62,563
Donation	-	-	-	(3,236)	-	(3,236)
<b>As at 30 September 2020</b>	<b>4,555,980</b>	<b>2,997,081</b>	<b>768,800</b>	<b>2,530,249</b>	<b>449,326</b>	<b>11,301,435</b>
<b>Net book value as at 30 September 2020</b>	<b>45,401,365</b>	<b>3,380,218</b>	<b>634,425</b>	<b>953,838</b>	<b>330,747</b>	<b>50,700,593</b>



# Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020



## The Bank

2019

### Property, plant & equipment

	Land & Building	Office Machine & Other Machine Equipment	Furniture, Fixture & Fitting	Electrical Equipment & Computer Accessories	Vehicles	Total
	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
<b>Cost</b>						
<b>As at 1 October 2018</b>	<b>46,951,761</b>	<b>5,913,172</b>	<b>1,345,005</b>	<b>2,965,562</b>	<b>2,670,254</b>	<b>59,845,753</b>
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)
<b>As at 30 September 2019</b>	<b>45,961,054</b>	<b>5,972,431</b>	<b>1,348,376</b>	<b>3,349,707</b>	<b>1,312,777</b>	<b>57,944,344</b>
<b>Accumulated Depreciation</b>						
<b>As at 1 October 2018</b>	<b>2,842,069</b>	<b>1,784,270</b>	<b>261,900</b>	<b>1,770,049</b>	<b>1,427,972</b>	<b>8,086,260</b>
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)
<b>As at 30 September 2019</b>	<b>3,581,745</b>	<b>2,375,589</b>	<b>341,080</b>	<b>2,135,321</b>	<b>612,605</b>	<b>9,046,340</b>
<b>Net book value as at 30 September 2019</b>	<b>42,379,309</b>	<b>3,596,842</b>	<b>1,007,296</b>	<b>1,214,385</b>	<b>700,172</b>	<b>48,898,005</b>

## Notes to the Consolidated Financial Statements

for the Year Ended 30 September 2020

### Right-of-use assets

Annexure II

### Right-of-use assets

MMK'000	Land and buildings	Vehicles	Total
2020			
Balance at 1 October 2019	18,252,136	2,530,658	20,782,794
Depreciation charge for the year	(1,996,575)	(381,369)	(2,377,944)
Balance at 30 September 2020	16,255,560	2,149,289	18,404,850

### Lease liabilities

MMK'000	Land and buildings	Vehicles	Total
2020			
Balance at 1 October 2019	1,677,629	2,530,658	4,208,288
Finance cost for the year	111,080	201,022	312,102
Payments during the year	(49,738)	(496,862)	(546,600)
Balance at 30 September 2020	1,738,971	2,234,818	3,973,789

### Amount recognised in profit and loss

MMK'000	Land and buildings	Vehicles	Total
Depreciation	1,996,575	381,369	2,377,944
Finance cost	111,080	201,022	312,102

### Amount recognised in cash flow statement

MMK'000	Land and buildings	Vehicles	Total
Total cash outflow for lease	49,738	496,862	546,600