

**uab bank Limited**

*(Incorporated in the Republic of the Union of Myanmar)*

**FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2022**

**V ADVISORY LIMITED  
CERTIFIED PUBLIC ACCOUNTANTS**

**uab bank Limited**

*(Incorporated in the Republic of the Union of Myanmar)*

**FINANCIAL STATEMENTS**

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**DIRECTORS**

U Nay Aye	Non-Executive Chairman/Independent Director
Than Win Swe	Non-Executive Director
Thant Zin	Non-Executive Director
U Tint Thwin	Independent Non-Executive Director
U Win Htein Min	Independent Non-Executive Director
Christopher Loh Meng Heng	Managing Director/Chief Executive Officer

**REGISTERED OFFICE**

Corner of Kyaing Tone Road and Mawlamyine Road  
Oakaya Thiri Township, Nay Pyi Taw, Myanmar

**AUDITOR**

V Advisory Limited  
Certified Public Accountants

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## Directors' Report

The Board of Directors have pleasure in presenting their report together with the audited financial statements of uab bank Limited (the Bank) for the financial period ended 31<sup>st</sup> March 2022.

### Principal Activities

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

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

### Results

	31.03.2022 (MMK'mil)	30.09.2021 (MMK'mil)
<b>Profit Before Tax</b>	<b>13,382</b>	<b>11,829</b>
Taxation	(3,175)	(2,950)
<b>Profit After Tax for the Period (Attributable to Equity Holders)</b>	<b>10,207</b>	<b>8,878</b>
Retained Earnings (Brought Forward)	23,286	17,401
<b>Adjustments;</b>		
- Transferred to Statutory Reserve (25%)	(2,552)	(2,219)
- Transferred to General Loan Loss Reserve	-	-
- Prior Year Dividend Paid Out	-	-
- Prior Year Adjustments	742	(773)
<b>Retained Earnings (Carried Forward)</b>	<b>31,683</b>	<b>23,286</b>

There were no material transfers to or from reserves, allowances, or provisions during the financial period 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 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 period, the Bank has no issuance of paid-up capital in addition.

### Share Option Scheme

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

### Directors

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

- Nay Aye (Non-Executive Chairman and Independent Director)
- Than Win Swe (Non-Executive Director)
- Thant Zin (Non-Executive Director)
- Tint Thwin (Independent Non-Executive Director)
- Win Htein Min (Independent Non-Executive Director)
- Christopher Loh (MD/Chief Executive Officer)

## Business Outlook

At uab bank, the key priorities for 2022 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, while keeping our capital and liquidity position strong.

The Bank is also IFRS 16 compliance and is ready for full adoption of IFRS in line CBM's timeline,

## Other Statutory Information

- a) Before the statements of financial position and income statements 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.
  - to ensure adherence to the regulations and/ or guidelines about AML/CFT issued by Central Bank of Myanmar.
  
- 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 Bank inadequate to any substantial extent; and
  - the values attributed to current assets in the financial statements 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 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 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 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 Bank which has arisen since the end of the financial year other than those arising in the normal course of the business 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 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 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 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> July 2022.



**Than Win Swe**

**Director**



**Christopher Loh**

**MD/Chief Executive Officer**



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**INDEPENDENT AUDITOR'S REPORT**  
**To the Members of uab bank Limited**  
*(Incorporated in the Republic of the Union of Myanmar)*  
**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of uab bank Limited (the Bank), which comprise the statement of financial position as at 31<sup>st</sup> March 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Bank are properly drawn up so as to give a true and fair view of the financial position of the Bank as at 31<sup>st</sup> March 2022, and its performance and its cash flows for the period ended, in accordance with Myanmar Financial Reporting Standards (MFRSs).

**Basis for opinion**

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

**Key audit matters**

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

**Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information; we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless



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management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Bank's financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with MSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statement.

As part of an audit in accordance with MSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other legal and regulatory requirements**

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

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

Also, in accordance with Section 89(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.

The engagement partner on the audit resulting in this independent auditor's report is U Myat Noe Aung.

**Myat Noe Aung**  
**Certified Public Accountant**  
**PAPP Registered No. 196**  
**Complex 45, Tower B, #B 406,45 Street,**  
**Botahtaung, Yangon 11161, Myanmar**

Date: 28 June 2022  
Yangon, Myanmar

**uab bank Limited**  
*(Incorporated in the Republic of the Union of Myanmar)*  
**Statement of Financial Positions as at 31<sup>st</sup> March 2022**

	Notes	The Bank	
		31.3.2022	30.9.2021
		MMK'000	MMK'000
<b>Assets</b>			
Cash and cash equivalent	8	251,656,813	188,239,759
Loan and advances to customers	9	1,036,552,140	910,329,842
Investment securities	10	362,174,000	362,174,000
Property, plant and equipment	11	48,342,630	49,496,345
Right-of-use assets	12	21,743,673	19,380,009
Investment properties	13	902,196	911,297
Intangible assets	14	281,432	289,081
Deferred tax assets	15	-	766,120
Other assets	16	169,731,824	108,617,991
<b>Total Assets</b>		<b>1,891,384,708</b>	<b>1,640,204,444</b>
<b>Liabilities</b>			
Deposits and placements with banks	17	23,717,910	26,921,399
Deposits from customers	18	1,445,946,180	1,192,116,749
Borrowings	19	100,393,588	159,000,000
Other liabilities	20	201,190,483	126,812,395
Lease liabilities	21	3,577,499	3,802,860
<b>Total Liabilities</b>		<b>1,774,825,660</b>	<b>1,508,653,403</b>
<b>Equity</b>			
Share Capital	22	54,000,000	54,000,000
Reserves	23	30,875,292	54,264,633
Retained earnings		31,683,756	23,286,407
<b>Equity Attributable to Shareholders of the Bank</b>		<b>116,559,048</b>	<b>131,551,040</b>
<b>Total Equity and Liabilities</b>		<b>1,891,384,708</b>	<b>1,640,204,444</b>
<b>Off-Balance Sheet</b>			
Performance Guarantee	24	78,151,935	80,843,186
Contingent Liabilities		2,850,204	2,250,600
Commitment		30,738,033	51,564,227

See accompanying notes to the financial statements



**uab bank Limited***(Incorporated in the Republic of the Union of Myanmar)***Statement of Profit or Loss and Other Comprehensive Income for the Period Ended 31<sup>st</sup> March 2022**

	Notes	The Bank	
		31.3.2022 MMK'000	30.9.2021 MMK'000
Interest income	25	63,569,814	122,775,553
Interest expense	26	(35,209,771)	(72,543,732)
<b>Net interest income</b>		<b>28,360,043</b>	<b>50,231,821</b>
Fee and commission income	27	14,285,446	12,008,030
Other income	28	2,928,447	8,987,498
<b>Operating income</b>		<b>45,573,936</b>	<b>71,227,349</b>
General and administrative expenses	29	(2,664,019)	(3,388,102)
Personnel expenses	30	(8,401,002)	(17,349,484)
Operating lease expenses	31	(241,972)	(359,959)
Depreciation and amortisation		(980,063)	(2,503,166)
Depreciation on Right-of-use assets		(1,399,594)	(2,617,410)
Other expenses	32	(153,797)	(204,062)
Finance cost	33	(130,435)	(299,958)
<b>Operating expenses</b>		<b>(13,970,882)</b>	<b>(26,722,141)</b>
<b>Operating profit before allowance</b>		<b>31,603,054</b>	<b>44,505,208</b>
Less: Allowance for credit and other losses	34	(18,220,437)	(32,676,440)
<b>Net profit before tax</b>		<b>13,382,617</b>	<b>11,828,768</b>
Taxation	35	(3,175,571)	(2,950,486)
<b>Net profit after tax</b>		<b>10,207,046</b>	<b>8,878,281</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>10,207,046</b>	<b>8,878,281</b>
<b>Profit for the year attributable to:</b>			
-Shareholders of the Bank		10,207,046	8,878,281
-Non-controlling interest		-	-
		<b>10,207,046</b>	<b>8,878,281</b>

See accompanying notes to the financial statements

**uab bank Limited***(Incorporated in the Republic of the Union of Myanmar)***Statement of Changes in Equity for the Period Ended 31<sup>st</sup> March 2022**

	<b>Share Capital</b>	<b>Statutory Reserve</b>	<b>General Loan Loss Reserve</b>	<b>Dividend</b>	<b>Retained Earnings</b>	<b>Total</b>
	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)
<b>Balance at 1 October 2021</b>	<b>54,000,000</b>	<b>13,456,583</b>	<b>40,808,050</b>	<b>-</b>	<b>23,286,407</b>	<b>131,551,040</b>
Issued shares	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	10,207,046	<b>10,207,046</b>
Transfer to reserves	-	2,551,762	(25,941,103)	-	(2,551,762)	<b>(25,941,103)</b>
Prior year adjustment	-	-	-	-	742,065	<b>742,065</b>
Dividends	-	-	-	-	-	-
<b>Balance at 31 March 2022</b>	<b>54,000,000</b>	<b>16,008,345</b>	<b>14,866,947</b>	<b>-</b>	<b>31,683,756</b>	<b>116,559,048</b>
<b>Balance at 1 October 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>
Issued shares	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	8,878,281	<b>8,878,281</b>
Transfer to reserves	-	2,219,570	25,941,103	-	(2,219,570)	<b>25,941,103</b>
Prior year adjustment	-	-	-	-	(773,071)	<b>(773,071)</b>
Dividends	-	-	-	-	-	-
<b>Balance at 30 September 2021</b>	<b>54,000,000</b>	<b>13,456,583</b>	<b>40,808,050</b>	<b>-</b>	<b>23,286,407</b>	<b>131,551,040</b>

**uab bank Limited**  
*(Incorporated in the Republic of the Union of Myanmar)*  
**Statement of Cash Flows for the Period Ended 31<sup>st</sup> March 2022**

	<b>The Bank</b>	
	<b>31.3.2022</b>	<b>30.9.2021</b>
	MMK'000	MMK'000
<b>Cashflows from operating activities</b>		
<b>Profit before tax</b>	<b>13,382,617</b>	<b>11,828,768</b>
<b>Adjustment</b>		
Depreciation & amortisation expenses	980,063	2,503,166
Depreciation expenses of Right-of-use assets	1,399,594	2,617,410
Impairment on loan	8,915,670	25,941,103
Net gain on disposal of fixed assets	(274,455)	(49,175)
Write off fixed asset	38,752	51,084
Finance cost	130,434	299,958
Lease adjustment- other income	-	12,099
<b>Changes in</b>		
Loan and advances	(126,222,298)	(100,807,469)
Other assets	(59,848,624)	(2,651,569)
Deposit from customers	250,625,942	66,330,680
Other liabilities	35,684,745	45,138,441
	124,812,441	51,214,496
Income tax paid	(2,160,000)	(2,635,000)
<b>Net cash from (used in) operating activities</b>	<b>122,652,441</b>	<b>48,579,496</b>
<b>Cashflows from investing activities</b>		
Acquisition of property, plant and equipment	(962,538)	(1,202,381)
Acquisition of Right-of-use assets	(384,390)	(4,107,200)
Disposal of fixed assets	1,242,495	95,016
Repayment of lease liability	(448,388)	(741,426)
Transfer/Acquisition of Intangible asset	(76,154)	27,772
Changes in Investment securities	-	(72,750,000)
<b>Net cash used in investing activities</b>	<b>(628,974)</b>	<b>(78,678,219)</b>
<b>Cashflows from financing activities</b>		
Borrowings /repayment of loan	(58,606,412)	38,647,200
<b>Net cash from financing activities</b>	<b>(58,606,412)</b>	<b>38,647,200</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>63,417,054</b>	<b>8,548,477</b>
Cash and cash equivalents at beginning of the period	188,239,759	179,691,282
<b>Cash and cash equivalents at end of the period</b>	<b>251,656,813</b>	<b>188,239,759</b>

**uab bank Limited**

*(Incorporated in the Republic of the Union of Myanmar)*

**Notes to the Financial Statements for the Period Ended 31<sup>st</sup> March 2022**

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**1 General**

uab bank Limited (the Bank) is a Private Bank Limited incorporated and domiciled in Myanmar and has its registered office at No(3), Bank Development Zone, Corner of Kyaing Tone Road and Mawlamyine Road, 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 Bank has renewed its incorporation certificate under new Myanmar Companies Law 2017 and obtained new registration certificate number 189354002. The Bank was permitted to carry out banking business 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). The principal activities of the Bank are to carry out the domestic remittance business and other financial services subject to the approval of the CBM. On 25 November 2011, the Bank was granted an Authorised Dealer Licence No. CBM, FE MD (78/2011) to carry out banking business in both local and foreign currencies. The Bank is currently operating with Eighty (81) branches in total in widespread locations in Myanmar as the Bank open the one new branch, Mawlamyaing branch, during the period.

**2 Summary of Significant Accounting Policies****2.1 Accounting Period**

The accounting period is from 1 October 2021 to 31 March 2022, the financial period under the existing Law of Myanmar. Balances of 30 September 2021 and transactions occurred for the financial year from 1 October 2020 to 30 September 2021 in this report are for purpose of comparison only.

**2.2** Opening Balances as at 1 October 2021 are carried forward from the financial statements for the financial year ended 30 September 2021, 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 Bank takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting 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:

### **2.3 Basis of Accounting (continued)**

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

### **2.4 Financial Assets**

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

#### **2.4.1 Effective Interest Method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter year, to the net carrying amount on initial recognition.

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

#### **2.4.2 Loans and Receivables**

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

#### **2.4.3 Impairment of Financial Assets**

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

### **2.4.3 Impairment of Financial Assets (continued)**

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.

#### **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".

**(ii) Non-Performing Loans (continued)**

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

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

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

**2.5 Financial Liabilities**

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

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

**2.6 Financial Instruments**

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

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

**2.7 Property, Plant and Equipment**

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



## **2.7 Property, Plant and Equipment (continued)**

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 Bank 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.

## **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.

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**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 Bank reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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 cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

**2.12 Provisions**

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

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

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

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**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 Bank'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 Bank 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 Bank's accounting policies and that have the most significant effect on the amount recognised in the financial statements.

## **2.14 Capital and Equity Instruments**

### **2.14.1 Classification as Debt or Equity**

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

### **2.14.2 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 Bank are recognised at the proceeds received, net of direct issue costs. Repurchase of the Bank's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Bank's own equity instruments.

## **2.15 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 Bank. The Bank recognises revenue when the amount of revenue and its related cost can be reliably measured, when it is reasonably assured that the related receivables are collectable, and when the specific criteria for each of the Bank's activities are met as follows:

### **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 Bank to its customers. Fee income is accounted for as follows:

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

## **2.16 IFRS 16 Leases**

The Bank adopted IFRS 16 with an initial application date of 1 October 2019. The Bank applied modified retrospective transition method and thus prior comparatives were not restated. The Bank also elected to apply the practical expedient that allows the Bank 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 Bank leases its offices in most of the cities in which it operates. In addition, the Bank also leases motor vehicles.

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 Bank'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 1 October 2019.

## **2.17 Foreign Currency Translations**

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

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

Exchange differences on monetary items are recognised in profit or loss in the period.

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

In the application of the Bank's accounting policies, which are described in Note 2, the Directors of the Bank are required to make judgments, estimates and assumptions about the carrying 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.

##### **3.2.1 Impairment Losses on Loans and Advances**

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

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**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 Bank	
	31.3.2022	30.9.2021
	MMK'000	MMK'000
Loan and receivables	1,398,726,140	1,272,503,842
Financial liabilities	1,570,057,678	1,378,038,148

**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 Bank did not hold any financial instruments which are measured at fair value on a recurring basis.

**5 Financial Risk Management**

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

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

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

**5.1 Credit Risk**

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

**uab bank Limited***(Incorporated in the Republic of the Union of Myanmar)***Notes to the Financial Statements for the Period Ended 31<sup>st</sup> March 2022****5.1 Credit Risk (continued)**

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

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

The fair value of collateral valued by an independent assessor is based on valuation techniques commonly used for the corresponding assets, done before the inception of the loan. Loans are usually given between the margins of 30% to 70% of the Forced Sale Value, which is also independently estimated. There is revaluation of the collaterals in subsequent periods, generally at the time of renewal/roll-over of a loan.

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

**5.1.1 Maximum Exposure to Credit Risk**

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

	<b>The Bank</b>	
	<b>31.3.2022</b>	<b>30.9.2021</b>
	MMK'000	MMK'000
Cash and cash equivalents	251,656,813	188,239,759
Loan and advances	1,036,552,140	910,329,842
Investment securities	362,174,000	362,174,000
Other assets	169,731,824	108,617,991
	<b>1,820,114,777</b>	<b>1,569,361,591</b>
<b>Off-balance sheet</b>		
Performance guarantee	78,151,935	80,843,186
Contingent liabilities	2,850,204	2,250,600
Commitments	30,738,033	51,564,227
	111,740,172	134,658,013
Total maximum exposure to credit risk	<b>1,931,854,949</b>	<b>1,704,019,605</b>



**uab bank Limited***(Incorporated in the Republic of the Union of Myanmar)***Notes to the Financial Statements for the Period Ended 31<sup>st</sup> March 2022****5.1.1 Maximum Exposure to Credit Risk (continued)****Collateral and Other Credit Enhancements**

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

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

- Charges over land and buildings
- Charges over plant 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 Bank's loan and advances based on exposure by industry as at the end of the reporting period:

	<b>The Bank</b>	
	<b>31.3.2022</b>	<b>30.9.2021</b>
	MMK'000	MMK'000
Agricultural	1,140,147	1,101,520
Livestock	853,024	956,057
Manufacturing	109,927,235	103,650,509
Trading	414,172,539	359,893,109
Transportation	18,096,492	18,018,421
Construction	158,867,170	146,325,753
Service	249,934,488	235,275,573
Housing loan	29,007,726	18,028,498
Pledge	591,900	743,500
Credit life loan	71,547	-
Hire purchase	8,917,531	10,201,632
Staff loan	906,684	540,346
General	32,603,475	26,497,806
Loans to other banks	31,334,000	-
Credit cards	2,345,264	2,048,184
<b>Total</b>	<b>1,058,769,222</b>	<b>923,280,909</b>

**5.1.3 Credit Quality of Loans and Advances**

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

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**5.1.3 Credit Quality of Loans and Advances (continued)**

CBM's notification no. 17/2017	Classification of loans & advances	Days past due	Provision on shortfalls in security value	31.3.2022			30.9.2021		
				Loans & advances	Interest in suspense and claim A/c balance	Valuation of security	Loans & advances	Interest in suspense and claim A/c balance	Valuation of security
	Standard	30	0%	719,153,990	-	901,093,899	763,499,338	-	1,060,345,937
	Watch	31-60	5%	97,481,904	-	135,012,980	6,078,026	-	7,504,883
	Substandard	61-90	25%	62,496,005	-	83,528,340	33,599,863	-	61,560,320
	Doubtful	91-180	50%	19,009,895	2,476,396	20,998,070	18,129,971	2,530,052	7,437,998
	Loss	180	100%	129,293,420	111,047,598	74,075,390	101,973,711	79,850,216	77,872,843
				<b>1,027,435,214</b>	<b>113,523,994</b>	<b>1,214,708,679</b>	<b>923,280,909</b>	<b>82,380,268</b>	<b>1,214,721,981</b>
			Total NPL % =			8.66%			8.70%

	31.3.2022		30.9.2021	
	Loans & advances	Investment securities	Loans & advances	Investment securities
Neither past due nor impaired	719,153,990	362,174,000	763,499,338	362,174,000
Past due but not impaired	159,977,909	-	39,677,889	-
Individually past due and impaired	148,303,315	-	120,103,682	-
	<b>1,027,435,214</b>	<b>362,174,000</b>	<b>923,280,909</b>	<b>362,174,000</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.

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**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.

	<b>The Bank</b>	
	<b>31.3.2022</b>	<b>30.9.2021</b>
	<b>MMK'000</b>	<b>MMK'000</b>
Liquidity ratio	36.90%	30.17%

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.

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**Notes to the Financial Statements for the Period Ended 31<sup>st</sup> March 2022**

**5.2.1 Maturity Analysis**

	On demand or less than 3 months	3 to 12 months	Over one year	No specific Maturity	Total
<b>31.3.2022</b>	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)
<b>Assets</b>					
Cash and cash equivalents	251,656,813	-	-	-	<b>251,656,813</b>
Loan and advances to customers	276,810,884	307,087,783	263,575,081	211,295,474	<b>1,058,769,222</b>
Investment Securities	-	-	355,980,000	6,194,000	<b>362,174,000</b>
Other assets	81,630,519	86,381,451	110,737	1,609,115	<b>169,731,822</b>
	<b>610,098,216</b>	<b>393,469,234</b>	<b>619,665,818</b>	<b>219,098,588</b>	<b>1,842,331,857</b>
<b>Liabilities</b>					
Deposit from banks	23,593,240	18,568	106,102	-	<b>23,717,910</b>
Deposit from customers	666,526,192	211,692,129	552,927,622	14,800,237	<b>1,445,946,180</b>
Other liabilities	172,792,232	5,406,396	123,385,442	-	<b>301,584,071</b>
	<b>862,911,664</b>	<b>217,117,093</b>	<b>676,419,166</b>	<b>14,800,237</b>	<b>1,771,248,161</b>
<b>On-Balance Sheet</b>					
<b>Liquidity Gap</b>	<b>(252,813,448)</b>	<b>176,352,141</b>	<b>(56,753,348)</b>	<b>204,298,352</b>	<b>71,083,696</b>
<b>Off-balance sheet</b>					
Performance Guarantee	694,602	-	19,342,370	-	<b>20,036,972</b>
Contingent liabilities	1,749,765	-	-	-	<b>1,749,765</b>
Commitments	30,738,033	-	-	-	<b>30,738,033</b>
<b>Off-balance sheet</b>					
<b>Liquidity Gap</b>	<b>33,182,400</b>	<b>-</b>	<b>19,342,370</b>	<b>-</b>	<b>52,524,770</b>
<b>Net Liquidity Gap</b>	<b>(285,995,848)</b>	<b>176,352,141</b>	<b>(76,095,718)</b>	<b>204,298,352</b>	<b>18,558,926</b>
	On demand or less than 3 months	3 to 12 months	Over one year	No specific Maturity	Total
<b>30.9.2021</b>	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)	(MMK'000)
<b>Assets</b>					
Cash and cash equivalents	188,239,759	-	-	-	<b>188,239,759</b>
Loan and advances to customers	337,019,899	141,950,938	431,359,005	-	<b>910,329,842</b>
Investment Securities	-	-	355,980,000	6,194,000	<b>362,174,000</b>
Other assets	61,174,793	46,449,260	1,760,058	-	<b>109,384,111</b>
	<b>586,434,451</b>	<b>188,400,198</b>	<b>789,099,063</b>	<b>6,194,000</b>	<b>1,570,127,712</b>
<b>Liabilities</b>					
Deposit from banks	26,800,377	18,025	102,998	-	<b>26,921,399</b>
Deposit from customers	488,292,320	214,598,030	489,226,399	-	<b>1,192,116,749</b>
Other liabilities	214,667,648	3,577,534	63,764,352	3,802,860	<b>285,812,395</b>
	<b>729,760,345</b>	<b>218,193,589</b>	<b>553,093,749</b>	<b>3,802,860</b>	<b>1,504,850,543</b>
<b>On-Balance Sheet</b>					
<b>Liquidity Gap</b>	<b>(143,325,894)</b>	<b>(29,793,390)</b>	<b>236,005,314</b>	<b>2,391,140</b>	<b>65,277,169</b>
<b>Off-balance sheet</b>					
Performance Guarantee	1,043,108	-	10,872,536	-	<b>11,915,644</b>
Contingent liabilities	1,243,422	-	-	-	<b>1,243,422</b>
Commitments	51,564,227	-	-	-	<b>51,564,227</b>
<b>Off-balance sheet</b>					
<b>Liquidity Gap</b>	<b>53,850,757</b>	<b>-</b>	<b>10,872,536</b>	<b>-</b>	<b>64,723,293</b>
<b>Net Liquidity Gap</b>	<b>(197,176,651)</b>	<b>(29,793,390)</b>	<b>225,132,778</b>	<b>2,391,140</b>	<b>553,876</b>

**uab bank Limited***(Incorporated in the Republic of the Union of Myanmar)***Notes to the Financial Statements for the Period Ended 31<sup>st</sup> March 2022****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 31 March 2022, the interest rates on loans are subject to the following maximum caps:

	New Rate*	
	Secured	Unsecured
• Loans and advances	10.00%	14.50%
• Overdraft	8.00%	14.50%
• Hire purchase	10.00%	14.50%
• Staff loan	8.50%	-
• Credit Card*	-	13% to 26%

\*Credit usage charges of 13% applies

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

	New Rate*
• Saving deposits	6%
• Fixed deposits	
Thirty days	6.50%
Ninety days	6.75%
One hundred and eighty days	7.00%
Two hundred and seventy days	7.00%
One year	7.25%
• Interest rate on Call Deposit	5% up to 8%

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.

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**Notes to the Financial Statements for the Period Ended 31<sup>st</sup> March 2022**

**5.3 Interest Rate Risk (Continued)**

	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>31.3.2022</b>					
<b>ASSETS</b>					
Cash and cash equivalents	-	-	-	251,656,813	<b>251,656,813</b>
Loans and advances	276,810,884	307,087,783	263,575,081	211,295,474	<b>1,058,769,222</b>
Investment securities	-	-	355,980,000	6,194,000	<b>362,174,000</b>
Other assets	-	81,788,000	-	-	<b>81,788,000</b>
	<b>276,810,884</b>	<b>388,875,783</b>	<b>619,555,081</b>	<b>469,146,286</b>	<b>1,754,388,035</b>
<b>LIABILITIES</b>					
Deposit from banks	7,958	18,568	106,102	23,585,282	<b>23,717,910</b>
Deposit from customers	465,271,143	211,692,129	552,927,622	216,055,286	<b>1,445,946,180</b>
Borrowings	25,000,000	75,393,588	-	-	<b>100,393,588</b>
	<b>490,279,101</b>	<b>287,104,285</b>	<b>553,033,724</b>	<b>239,640,568</b>	<b>1,570,057,678</b>
<b>NET INTEREST RATE GAP</b>	<b>(213,468,217)</b>	<b>101,771,498</b>	<b>66,521,357</b>	<b>229,505,718</b>	<b>184,330,357</b>
<b>30.9.2021</b>					
<b>ASSETS</b>					
Cash and cash equivalents	340,215	-	-	187,899,544	<b>188,239,759</b>
Loans and advances	337,019,899	141,950,938	431,359,005	-	<b>910,329,842</b>
Investment securities	-	-	355,980,000	6,194,000	<b>362,174,000</b>
Other assets	-	44,196,800	-	-	<b>44,196,800</b>
	<b>337,360,114</b>	<b>186,147,738</b>	<b>787,339,005</b>	<b>194,093,544</b>	<b>1,504,940,401</b>
<b>LIABILITIES</b>					
Deposit from banks	7,725	18,025	102,998	26,792,652	<b>26,921,399</b>
Deposit from customers	305,171,977	214,598,030	489,226,400	183,120,343	<b>1,192,116,749</b>
Borrowing	159,000,000	-	-	-	<b>159,000,000</b>
	<b>464,179,702</b>	<b>214,616,054</b>	<b>489,329,398</b>	<b>209,912,995</b>	<b>1,378,038,149</b>
<b>NET INTEREST RATE GAP</b>	<b>(126,819,587)</b>	<b>(28,468,316)</b>	<b>298,009,607</b>	<b>(15,819,451)</b>	<b>126,902,252</b>

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**Notes to the Financial Statements for the Period Ended 31<sup>st</sup> March 2022**

## 6 Capital Management

The objectives of the Bank's capital management are to maintain an optimal level of capital, which is adequate to support business growth, commensurate with the Bank's risk profile and meet the regulatory requirements. The management of capital funds is centralised in the Treasury department and monitored daily by the Finance department. During the financial period, 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 Bank	
	31.3.2022	30.9.2021
	MMK'000	MMK'000
Paid-up capital (Share each @ MMK 500,000)	54,000,000	54,000,000
Capital adequacy ratio (%)	9.87%	9.87%

The Bank met the minimum capital adequacy ratio requirement 8% set by Central Bank of Myanmar (CBM) as at 31 March 2022, the CAR calculation is based on CBM guidelines.

## 7 Related Party Transactions

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

### 7.1 Compensation of Key Management Personnel

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

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

	The Bank	
	31.3.2022	30.9.2021
	MMK'000	MMK'000
Director expenses	140,238	417,001
Short term employee benefits	8,254,077	16,931,973
	<b>8,394,315</b>	<b>17,348,974</b>

**uab bank Limited***(Incorporated in the Republic of the Union of Myanmar)***Notes to the Financial Statements for the Period Ended 31<sup>st</sup> March 2022****8 Cash and Cash Equivalents**

	The Bank	
	31.3.2022	30.9.2021
	MMK'000	MMK'000
Cash and balances with Central Bank of Myanmar	84,680,068	59,878,410
Cash and balances with other banks	37,450,977	85,904,433
Cash in hand	129,525,768	42,456,916
	<b>251,656,813</b>	<b>188,239,759</b>

**9 Loans and Advances to Customers**

	The Bank	
	31.3.2022	30.9.2021
	MMK'000	MMK'000
Credit cards	2,345,264	2,048,184
Hire purchase	8,917,531	10,201,632
Short-term loans	652,404,202	598,405,217
Loans and advances to banks	31,334,000	-
Overdrafts	361,718,689	311,257,284
Staff loans	2,049,536	1,368,592
<b>Total loans and advances to customers</b>	<b>1,058,769,222</b>	<b>923,280,909</b>
(-) Provision for bad and doubtful debt (SP)	22,217,082	12,951,068
<b>Net loans and advances</b>	<b>1,036,552,140</b>	<b>910,329,842</b>

**10 Investment Securities**

	The Bank	
	31.3.2022	30.9.2021
	MMK'000	MMK'000
Held to maturity		
Investment in Government Securities (Treasury bonds)	355,980,000	355,980,000
Investment in Government Securities (Treasury bills)	-	-
<b>Available-for-sales securities</b>		
- Investment in Myanmar Credit Bureau	130,000	130,000
- Investment in Myanmar Payment Union	200,000	200,000
- Investment in uab securities	5,864,000	5,864,000
	<b>362,174,000</b>	<b>362,174,000</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 period had already been approved by the Board of Directors.

**12 Right-of-use assets**

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



**uab bank Limited***(Incorporated in the Republic of the Union of Myanmar)***Notes to the Financial Statements for the Period Ended 31<sup>st</sup> March 2022****13 Investment Properties**

	<b>The Bank</b>	
	<b>31.3.2022</b> MMK'000	<b>30.9.2021</b> MMK'000
Balance at 1 October	911,297	929,499
Addition	-	-
Depreciation charge	(9,101)	(18,202)
<b>Balance at 30 September</b>	<b>902,196</b>	<b>911,297</b>
Represented by:		
Cost	1,029,123	1,029,123
Accumulated depreciation	(126,927)	(117,826)
<b>Net carrying amount</b>	<b>902,196</b>	<b>911,297</b>
Freehold property	-	-
Leasehold property	902,196	911,297
<b>Balance at 30 September</b>	<b>902,196</b>	<b>911,297</b>

**14 Intangible Assets**

	<b>The Bank</b>	
	<b>31.3.2022</b> MMK'000	<b>30.9.2021</b> MMK'000
Balance at the beginning of year	289,081	496,584
Acquisition	76,154	-
Transfer/ adjustment	-	(27,772)
Amortised	(83,803)	(179,731)
<b>Balance at the end of year</b>	<b>281,432</b>	<b>289,081</b>

**15 Deferred Tax**

	<b>The Bank</b>	
	<b>31.3.2022</b> MMK'000	<b>30.9.2021</b> 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	-	-
<b>Deferred tax assets on:</b>		
Unrealised loss on AFS financial assets	-	-
Allowance for impairment	-	766,120
Tax losses	-	-
Unrealised loss on financial instruments FV through P&L	-	-
Others	-	-
	-	<b>766,120</b>

**uab bank Limited***(Incorporated in the Republic of the Union of Myanmar)***Notes to the Financial Statements for the Period Ended 31<sup>st</sup> March 2022****16 Other Assets**

	The Bank	
	31.3.2022 MMK'000	30.9.2021 MMK'000
Interest receivables	7,458,596	6,328,641
Prepaid and advances	37,217,770	31,771,234
Card receivables	953,875	580,124
Inventories	310,789	352,061
Fixed Deposits - 1 year	81,788,000	44,196,800
Others	42,002,794	25,389,130
	<b>169,731,824</b>	<b>108,617,991</b>

**17 Deposits and Placements with Banks**

	The Bank	
	31.3.2022 MMK'000	30.9.2021 MMK'000
Current deposits	23,585,282	26,792,652
Saving deposits	132,628	128,747
	<b>23,717,910</b>	<b>26,921,399</b>

**18 Deposits from Customers**

	The Bank	
	31.3.2022 MMK'000	30.9.2021 MMK'000
Current deposits	201,255,049	183,120,343
Saving deposits	524,238,992	543,137,984
Fixed deposits	454,379,282	374,838,150
Call deposits	266,072,857	91,020,272
	<b>1,445,946,180</b>	<b>1,192,116,749</b>

**19 Borrowings**

	The Bank	
	31.3.2022 MMK'000	30.9.2021 MMK'000
Borrowings from Foreign Banks in local (Foreign Currency)	75,393,588	142,000,000
Borrowing from Local Private Banks (Local Currency)	25,000,000	17,000,000
	<b>100,393,588</b>	<b>159,000,000</b>

**20 Other Liabilities**

	The Bank	
	31.3.2022 MMK'000	30.9.2021 MMK'000
Accrued interest payable	8,174,038	7,485,953
Accrued operating expenses	1,504,745	1,814,981
Provision for income taxes	5,406,396	1,539,331
Provision for others	800,000	800,000
Sundry creditors	55,897,811	46,478,255
Deferred income	9,963	9,572
Others	129,397,530	68,684,304
	<b>201,190,483</b>	<b>126,812,395</b>

**uab bank Limited***(Incorporated in the Republic of the Union of Myanmar)***Notes to the Financial Statements for the Period Ended 31<sup>st</sup> March 2022****21 Lease liabilities**

	The Bank	
	31.3.2022	30.9.2021
	MMK'000	MMK'000
Lease Liability of Building Lease	1,233,420	1,203,493
Lease Liability of Leasing Cars	1,456,383	1,684,160
Lease Liability of Dismantlings	887,696	915,207
	<b>3,577,499</b>	<b>3,802,860</b>

**22 Share Capital**

	The Bank	
	31.3.2022	30.9.2021
	MMK'000	MMK'000
<b>Ordinary shares, MMK 500,000 per share</b>		
<b>Issued and fully paid-up</b>		
Beginning of year		
2021 - 108,000 shares; 2020 - 108,000 shares	54,000,000	54,000,000
Shares issued during the period		
2022 - Nil shares ;2021 - Nil shares	-	-
Balance at end of year		
2022 - 108,000 shares; 2021 - 108,000 shares	<b>54,000,000</b>	<b>54,000,000</b>

The amount of issued and paid-up capital at 31 March 2022 was MMK 54 billion divided into 108,000 shares at MMK 500,000 each and owned by the following shareholders as per the records filed with the Registrar of companies (Directorate of Investment and Company Administration).

Shareholder	%	Numbers of share	Value MMK'000
Capital Link Investment Company Limited	40%	43,200	21,600,000
Future Growth Investment Company Limited	60%	64,800	32,400,000
	<b>100%</b>	<b>108,000</b>	<b>54,000,000</b>

**23 Reserves**

	The Bank	
	31.3.2022	30.9.2021
	MMK'000	MMK'000
<b>Statutory reserve fund</b>		
Opening balance	13,456,583	11,237,013
Addition for the year	2,551,762	2,219,570
Closing balance	<b>16,008,345</b>	<b>13,456,583</b>
<b>Reserve for contingencies</b>		
Opening balance	-	-
Addition for the year	-	-
Closing balance	-	-
<b>General Loan Loss Provision (GP)</b>		
Opening balance	40,808,050	14,866,947
Addition for the year	8,915,670	25,941,103
Transferred	(34,856,773)	-
Closing balance	<b>14,866,947</b>	<b>40,808,050</b>
<b>Total</b>	<b>30,875,292</b>	<b>54,264,633</b>

**uab bank Limited***(Incorporated in the Republic of the Union of Myanmar)***Notes to the Financial Statements for the Period Ended 31<sup>st</sup> March 2022****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 a general loan loss provision at the end of each financial year in accordance with the Notification No. 17/2017 of Central Bank of Myanmar. The Bank presented general loan loss provision as a statutory provision under shareholders' equity and yearly adjustment amounts were transferred from/back to retained earnings as part of the movements in shareholders' equity. Starting from 2018-2019 financial year, yearly adjustment to general loan loss provision were charged/credit to profit or loss as adjustment to expected credit loss. Starting from 2020-2021 financial year, the over reserve were transferred from the reserves account to others account under other liabilities and treated as an item of liabilities.

**24 Off-balance sheet**

	The Bank	
	31.3.2022	30.9.2021
	MMK'000	MMK'000
Performance guarantees	78,151,935	80,843,186
Contingent liabilities	2,850,204	2,250,600
Commitment	30,738,033	51,564,227
	<b>111,740,172</b>	<b>134,658,013</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 Bank	
	31.3.2022	30.9.2021
	MMK'000	MMK'000
Interest on loans to customers	44,959,414	86,812,896
Interest on money market	2,405,995	4,240,598
Interest on Treasury Bonds	16,204,405	31,722,059
	<b>63,569,814</b>	<b>122,775,553</b>

**uab bank Limited***(Incorporated in the Republic of the Union of Myanmar)***Notes to the Financial Statements for the Period Ended 31<sup>st</sup> March 2022****25 Interest Income (Continued)**

	The Bank	
	31.3.2022	30.9.2021
Interest rate on loans and advances	8% to 14.5%	8% to 14.5%
Interest rate on Government Securities (Five years Treasury Bonds)	7.5% to 9.75%	7.5% to 9.75%

**26 Interest Expenses**

	The Bank	
	31.3.2022 MMK'000	30.9.2021 MMK'000
Interest on saving deposit	13,478,336	30,128,707
Interest on call deposit	4,063,921	1,808,547
Interest on fixed deposit	13,605,530	29,515,247
Interest on Inter-bank deposit	3,881	91,030
Interest on borrowing	4,058,103	11,000,201
	<b>35,209,771</b>	<b>72,543,732</b>

**27 Fees and Commission Income**

	The Bank	
	31.3.2022 MMK'000	30.9.2021 MMK'000
Commission on payment order	56,408	60,249
Commission on remittance	151,300	186,918
Commission on cards	967,017	621,993
Service fees	3,754,346	5,783,280
Commitment fees	187,232	557,510
Commission on trade related	8,961,521	4,493,104
Commission on others	207,622	304,976
	<b>14,285,446</b>	<b>12,008,030</b>

**28 Other Income**

	The Bank	
	31.3.2022 MMK'000	30.9.2021 MMK'000
Treasury (Forex) trading income	1,496,910	6,472,598
Interest on other (Operating Lease)	-	810,800
Extension fees on loans and advances	629,513	1,304,375
Exchange gain/(loss) on cards	237,901	(44,862)
Disposal gain/(loss) on fixed assets	304,950	44,705
Miscellaneous	259,173	399,883
Dividend income from Subsidiary (uab sc)	-	-
	<b>2,928,447</b>	<b>8,987,498</b>

**uab bank Limited***(Incorporated in the Republic of the Union of Myanmar)***Notes to the Financial Statements for the Period Ended 31<sup>st</sup> March 2022****29 General and Administrative Expenses**

	The Bank	
	31.3.2022 MMK'000	30.9.2021 MMK'000
Maintainance and repairs	333,046	335,799
Miscellaneous expenses	226,217	821,578
Supplies and services	1,404,883	1,103,422
Rates and taxes	263,798	502,253
Insurance expense	8,337	16,754
Technology expense	427,738	608,295
	<b>2,664,019</b>	<b>3,388,102</b>

**30 Personnel Expenses**

	The Bank	
	31.3.2022 MMK'000	30.9.2021 MMK'000
Salaries and allowances	6,374,625	12,659,802
Staff welfare contribution	300	73,669
Staff social security contribution	79,831	165,375
Staff bonus and rewards	1,800,000	4,033,197
Training expenses	6,008	440
Director fees and expenses	140,238	417,001
	<b>8,401,002</b>	<b>17,349,484</b>

**31 Operating Lease Expenses**

	The Bank	
	31.3.2022 MMK'000	30.9.2021 MMK'000
Rent - Building	86,435	64,590
Rent - Other	155,537	295,368
	<b>241,972</b>	<b>359,959</b>

**32 Other Expenses**

	The Bank	
	31.3.2022 MMK'000	30.9.2021 MMK'000
Auditor fees and expenses	3,500	27,450
Legal expenses	3,399	1,930
Travelling expenses	51,898	11,971
Consultant fees	95,000	152,711
Others	-	10,000
	<b>153,797</b>	<b>204,062</b>

**uab bank Limited***(Incorporated in the Republic of the Union of Myanmar)***Notes to the Financial Statements for the Period Ended 31<sup>st</sup> March 2022****33 Finance Cost**

	The Bank	
	31.3.2022 MMK'000	30.9.2021 MMK'000
Finance Cost of ROU Lease Building	37,819	76,494
Finance Cost of ROU Leasing Cars	80,025	194,263
Finance Cost on Dismantling	12,591	29,201
	<b>130,435</b>	<b>299,958</b>

**34 Allowance for Credit and Other Losses**

	The Bank	
	31.3.2022 MMK'000	30.9.2021 MMK'000
Specific allowance on / (write-back) of:		
Loans	9,266,015	6,673,861
Obsolete Inventory	-	10,619
Write-off fixed assets	38,752	50,857
General allowance (2%)	8,915,670	25,941,103
	<b>18,220,437</b>	<b>32,676,440</b>

**35 Taxation**

	The Bank	
	31.3.2022 MMK'000	30.9.2021 MMK'000
Tax expense/(credit) attributable to profit or (loss) is made up of:		
Corporate income tax 25%	3,145,076	2,946,016
Capital gain tax 10%	30,495	4,470
Current income tax	<b>3,175,571</b>	<b>2,950,486</b>
Deferred income tax	-	-
	<b>3,175,571</b>	<b>2,950,486</b>
Under/(over) provision in prior financial years		
Current income tax	-	-
Deferred income tax	-	-
	<b>3,175,571</b>	<b>2,950,486</b>

## Property, Plant and Equipment

Annexure I

**31.3.2022**

	Land and Building	Office Machine and Equipment	Furniture, Fixture and Fitting	Electrical Equipment and Computer Accessories	Motor Vehicles	Total
	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
<b>Cost</b>						
<b>At 1 October 2021</b>	50,841,229	6,150,287	1,294,128	3,507,576	833,963	62,627,183
Additions during the period	3,090,000	68,025	-	364,513	530,000	4,052,538
Transfer during the period	(5,245,380)	-	-	-	-	(5,245,380)
Disposal	(880,000)	(17,143)	(17,944)	(51,935)	(123,646)	(1,090,668)
Allowance for impairment	-	-	-	-	-	-
Write off	(34,800)	(88,196)	(24,427)	(102,107)	-	(249,530)
Provision	(73,092)	(138,786)	(83,023)	(182,021)	(1,025)	(477,947)
Donations	-	-	-	-	-	-
<b>As at 31 March 2022</b>	<b>47,697,957</b>	<b>5,974,187</b>	<b>1,168,734</b>	<b>3,536,026</b>	<b>1,239,292</b>	<b>59,616,196</b>
<b>Accumulated Depreciation</b>						
<b>At 1 October 2021</b>	5,507,546	3,480,280	844,096	2,810,158	488,759	13,130,839
Charged for the period	252,731	330,765	71,259	174,172	58,232	887,159
Transfer during the period	(1,887,098)	-	-	-	-	(1,887,098)
Disposal	-	(11,859)	(12,870)	(49,996)	(78,158)	(152,883)
Allowance for impairment	-	-	-	-	-	-
Write off	(34,800)	(70,300)	(21,603)	(99,803)	-	(226,506)
Provision	(73,091)	(138,786)	(83,023)	(182,021)	(1,024)	(477,945)
Donations	-	-	-	-	-	-
<b>As at 31 March 2022</b>	<b>3,765,288</b>	<b>3,590,100</b>	<b>797,859</b>	<b>2,652,510</b>	<b>467,809</b>	<b>11,273,566</b>
<b>NBV as at 31 March 2022</b>	<b>43,932,669</b>	<b>2,384,087</b>	<b>370,875</b>	<b>883,516</b>	<b>771,483</b>	<b>48,342,630</b>

**30.9.2021**

	Land and Building	Office Machinery and Equipment	Furniture, Fixture and Fitting	Electrical Equipment and Computer Accessories	Motor Vehicles	Total
	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
<b>Cost</b>						
<b>At 1 October 2020</b>	49,957,344	6,377,299	1,403,225	3,484,087	780,073	62,002,028
Additions during the year	883,885	116,373	19,362	48,061	134,700	1,202,381
Transfer during the year	-	(181,491)	-	181,491	-	-
Disposal	-	(29,839)	(59,310)	(33,410)	(80,810)	(203,368)
Allowance for impairment	-	-	-	-	-	-
Write off	-	-	-	(938)	-	(938)
Provision	-	(132,055)	(69,149)	(169,651)	-	(370,856)
Donations	-	-	-	(2,064)	-	(2,064)
<b>As at 30 September 2021</b>	<b>50,841,229</b>	<b>6,150,287</b>	<b>1,294,128</b>	<b>3,507,576</b>	<b>833,963</b>	<b>62,627,183</b>
<b>Accumulated Depreciation</b>						
<b>At 1 October 2020</b>	4,555,980	2,997,081	768,800	2,530,249	449,326	11,301,435
Charged for the year	951,566	651,495	175,936	436,578	89,660	2,305,234
Transfer during the year	-	(36,298)	-	36,298	-	-
Disposal	-	(24,133)	(48,675)	(29,901)	(50,349)	(153,058)
Allowance for impairment	-	-	-	-	-	-
Write off	-	-	-	(297)	-	(297)
Provision	-	(107,865)	(51,965)	(160,932)	123	(320,639)
Donations	-	-	-	(1,837)	-	(1,837)
<b>As at 30 September 2021</b>	<b>5,507,546</b>	<b>3,480,280</b>	<b>844,096</b>	<b>2,810,158</b>	<b>488,759</b>	<b>13,130,838</b>
<b>NBV as at 30 September 2021</b>	<b>45,333,684</b>	<b>2,670,007</b>	<b>450,033</b>	<b>697,418</b>	<b>345,204</b>	<b>49,496,345</b>



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Notes to the Financial Statements for the Period Ended 31<sup>st</sup> March 2022

**31.3.2022**

Annexure II

Right-of-use assets	ROU Prepaid	ROU Lease liab	ROU Rest	Vehicle (Nissan)	Total
	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
<b>Balance at 1 October 2021</b>	<b>22,126,186</b>	<b>1,083,086</b>	<b>448,729</b>	<b>2,501,904</b>	<b>26,159,905</b>
Additional	384,390	-	-	20,586	404,976
Transfer/Adjust	5,245,380	-	-	-	5,245,380
Retained Earning	-	-	-	-	-
Contract End	(777,920)	-	-	-	(777,920)
<b>Balance at 31 March 2022</b>	<b>26,978,036</b>	<b>1,083,086</b>	<b>448,729</b>	<b>2,522,490</b>	<b>31,032,341</b>
<b>Balance at 1 October 2021</b>	<b>5,249,388</b>	<b>272,398</b>	<b>270,178</b>	<b>987,932</b>	<b>6,779,896</b>
Charges for the period	1,072,972	49,902	23,982	252,739	1,399,595
Transfer/Adjust	1,887,097	-	-	-	1,887,097
Retained Earning	-	-	-	-	-
Contract End	(777,920)	-	-	-	(777,920)
<b>Balance at 31 March 2022</b>	<b>7,431,537</b>	<b>322,300</b>	<b>294,160</b>	<b>1,240,671</b>	<b>9,288,668</b>
<b>Net Book Value as at 30 September 2021</b>	<b>16,876,798</b>	<b>810,688</b>	<b>178,551</b>	<b>1,513,972</b>	<b>19,380,009</b>
<b>Net Book Value as at 31 March 2022</b>	<b>19,546,499</b>	<b>760,786</b>	<b>154,569</b>	<b>1,281,819</b>	<b>21,743,673</b>

**Lease liabilities**

	Lease Liab-build	Lease Liab-Rest	Vehicle (Nissan)	Total
	MMK'000	MMK'000	MMK'000	MMK'000
Within one year	228,071	103,350	535,418	866,839
More than one year	1,005,350	784,346	920,965	2,710,661
<b>Balance at 31 March 2022</b>	<b>1,233,420</b>	<b>887,696</b>	<b>1,456,383</b>	<b>3,577,500</b>
Within one year	-	41,760	268,949	310,709
More than one year	1,203,493	873,447	1,415,212	3,492,152
<b>Balance at 30 September 2021</b>	<b>3,670,334</b>	<b>2,690,600</b>	<b>4,596,927</b>	<b>10,957,860</b>

**Amount recognised in profit and loss**

	Lease Liab	Vehicle (Nissan)	Total
	MMK'000	MMK'000	MMK'000
Depreciation	1,146,856	252,738	1,399,594
Finance cost	50,410	80,025	130,434

**Amount recognised in cash flow statement**

	Lease Liab	Vehicle (Nissan)	Total
	MMK'000	MMK'000	MMK'000
Total cash outflow for lease	120,000	328,388	448,388

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Notes to the Financial Statements for the Period Ended 31<sup>st</sup> March 2022

**30.9.2021**

Annexure II

Right-of-use assets	ROU Prepaid	ROU Lease liab	ROU Rest	Vehicle (Nissan)	Total
	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
<b>Balance at 1 October 2020</b>	<b>16,574,507</b>	<b>936,680</b>	<b>740,948</b>	<b>2,530,658</b>	<b>20,782,794</b>
Additional	4,107,200	148,420	7,579	-	4,263,199
Transfer/Adjust	-	(2,014)	(76,338)	(28,754)	(107,107)
Retained Earning	3,458,279	-	-	-	3,458,279
Contract End	(2,013,800)	-	(223,460)	-	(2,237,260)
<b>Balance at 30 September 2021</b>	<b>22,126,186</b>	<b>1,083,086</b>	<b>448,729</b>	<b>2,501,904</b>	<b>26,159,905</b>
<b>Balance at 1 October 2020</b>	<b>1,822,498</b>	<b>73,525</b>	<b>100,553</b>	<b>381,369</b>	<b>2,377,944</b>
Charges for the Year	1,941,728	98,162	74,616	502,904	2,617,410
Transfer/Adjust	-	-	-	(8,560)	(8,560)
Retained Earning	3,498,962	100,711	318,469	112,218	4,030,361
Contract End	(2,013,800)	-	(223,460)	-	(2,237,260)
<b>Balance at 30 September 2021</b>	<b>5,249,388</b>	<b>272,398</b>	<b>270,178</b>	<b>987,932</b>	<b>6,779,896</b>
<b>Net Book Value as at 30 September 2020</b>	<b>14,752,009</b>	<b>863,156</b>	<b>640,396</b>	<b>2,149,289</b>	<b>18,404,850</b>
<b>Net Book Value as at 30 September 2021</b>	<b>16,876,798</b>	<b>810,688</b>	<b>178,551</b>	<b>1,513,972</b>	<b>19,380,009</b>

Lease liabilities	Lease Liab-build	Lease Liab-Rest	Vehicle (Nissan)	Total
	MMK'000	MMK'000	MMK'000	MMK'000
Within one year	29,914	46,256	501,576	577,746
More than one year	1,173,579	868,951	1,182,584	3,225,115
<b>Balance at 30 September 2021</b>	<b>1,203,493</b>	<b>915,207</b>	<b>1,684,160</b>	<b>3,802,860</b>
Within one year	-	243,591	458,494	702,085
More than one year	950,424	544,955	1,776,325	3,271,704
<b>Balance at 30 September 2020</b>	<b>950,424</b>	<b>788,546</b>	<b>2,234,818</b>	<b>3,973,789</b>

Amount recognised in profit and loss	Lease Liab	Vehicle (Nissan)	Total
	MMK'000	MMK'000	MMK'000
Depreciation	2,114,506	502,904	2,617,410
Finance cost	105,694	194,263	299,958

Amount recognised in cash flow statement	Lease Liab	Vehicle (Nissan)	Total
	MMK'000	MMK'000	MMK'000
Total cash outflow for lease	88,085	653,342	741,426