

uab bank Limited
(Incorporated in the Republic of the Union of Myanmar)

FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION
FOR THE YEAR ENDED 31st March 2024

Currency - Myanmar Kyat

uab bank Limited

(Incorporated in the Republic of the Union of Myanmar)

FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

DIRECTORS

U Nay Aye	Non-Executive Chairman & Independent Director
U 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

No. 3, Bank Development Zone,
Corner of Kyaing Tone Road and Mawlamyine Road
Oakaya Thiri Township, Nay Pyi Taw, Myanmar

AUDITOR

U Hla Tun & Associates 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 year ended 31st March 2024.

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 year.

Results

	2023-2024 (MMK'million)	2022-2023 (MMK'million)
Profit Before Tax	55,055	28,188
Taxation	(15,778)	(5,411)
Profit After Tax for the Year (Attributable to Equity Holders)	39,277	22,777
Retained Earnings (Brought Forward)	48,767	31,683
Adjustments;		
- Transferred to Statutory Reserve (25%)	(9,819)	(5,694)
- Transferred to General Loan Loss Reserve	-	-
- Prior Year Dividend Paid Out	-	-
- Prior Year Adjustments	-	-
Retained Earnings (Carried Forward)	78,224	48,767

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

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

Issuance of Shares

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

Share Option Scheme

As at the date of this report, there was no share option of the 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 & Independent 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 2024 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, and keeping our capital and liquidity position strong.

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

Other Statutory Information

- a) Before the statement of financial position and income statement 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 in respect of 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 appointed to U Hla Tun & Associates Limited as auditor of the Group and Bank.

On behalf of the Board of Directors in accordance with a resolution of the Directors dated August 27, 2024.



Win Htein Min
Director



Christopher Loh
MD & Chief Executive Officer

Independent Auditors' Report

To the members of uab bank Limited

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 31st March 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS 1 to FS 37.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Myanmar Companies Law and Myanmar Financial Reporting Standards (MFRSs) so as to give a true and fair view of the financial position of the Bank as at 31st March 2024 and of the financial performance, changes in equity and cash flows of the Bank for the year ended on that date.

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 '**Auditors' 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 our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Myanmar Companies Law and MFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Bank's financial reporting process.

Auditors' 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 auditors' 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. Misstatement 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 decision of users taken on the basis of these financial statements.

As part of an audit in accordance with MSAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

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

Other matters

The financial statements for the year ended 31st March 2023 were audited by U Myat Noe Aung (V-Advisory Limited, Certified Public Accountants) and issued unqualified opinion.

Report on other legal and regulatory requirements

In accordance with the Myanmar Companies Law (2017), we report that;

- (i) we have obtained all the information and explanations we have required and
- (ii) the books and records have been maintained by the Bank as required by Section 258 of the Myanmar Companies Law.

In accordance with Section 89(a) of the Financial Institutions Law 2016, we report that subject to our letter to the management, in our opinion the financial statements of the Bank are properly and fairly drawn up, they present fairly the operation of the Bank and information obtained from the officers and representatives of the Bank are satisfactory.



(Maung Maung Aung)

Certified Public Accountant

PAPP No. (197)

U Hla Tun & Associates Limited

Shwegon Plaza, 64(B), 1st Floor,

Komin Kochin Road, Bahan Township,

Yangon Region.

Dated: August 27 , 2024.

uab bank Limited
(Incorporated in the Republic of the Union of Myanmar)
Statement of Financial Position as at 31st March 2024

	Notes	31 st March 2024 (MMK)'000	31 st March 2023 (MMK)'000
Assets			
Cash & cash equivalents	6	1,465,876,129	861,384,125
Loan and advances to customers	7	2,377,240,312	1,569,506,106
Investment securities	8	223,104,000	324,104,000
Property, plant and equipments	9	88,987,038	69,697,306
Right-of-use assets	10	26,388,749	23,321,212
Intangible assets	11	203,131	245,609
Other assets	12	238,606,021	173,373,075
Total assets		4,420,405,380	3,021,631,433
Liabilities			
Deposits and placements with banks	13	289,072,541	40,447,461
Deposits from customers	14	3,083,961,020	2,105,816,699
Borrowings	15	566,633,274	474,166,829
Other liabilities	16	297,249,159	257,707,490
Lease liabilities	17	4,876,023	4,156,750
Total liabilities		4,241,792,018	2,882,295,229
Equity			
Share capital	18	54,000,000	54,000,000
Reserves	19	46,388,871	36,569,581
Retained earnings		78,224,491	48,766,622
Equity attributable to shareholders of the bank		178,613,362	139,336,203
Total equity and liabilities		4,420,405,380	3,021,631,433
Off-balance sheet			
	32		
Performance guarantee		103,990,820	96,554,368
Contingent liabilities		154,310	154,314
Others		1,871,535	305,895
Commitments		501,740,057	47,196,955
See accompanying notes to financial statements			

Date: August , 2024

uab bank Limited*(Incorporated in the Republic of the Union of Myanmar)***Statement of Comprehensive Income for the year ended 31st March 2024**

	Notes	Year ended 31 st March 2024 (MMK)'000	Year ended 31 st March 2023 (MMK)'000
Interest income	20	231,718,634	167,805,907
Interest expense	21	(164,096,303)	(109,500,662)
Net interest income		67,622,331	58,305,245
Fee and commission income	22	46,682,021	21,212,791
Other income	23	7,243,328	13,555,126
Operating income		121,547,679	93,073,163
Personnel expenses	24	(25,986,631)	(19,565,855)
General and administrative expenses	25	(16,091,264)	(9,892,604)
Operating lease expenses	26	(839,603)	(516,251)
Depreciation & amortization		(2,441,804)	(2,026,885)
Depreciation on right-of-use-assets		(3,167,412)	(3,039,593)
Other expenses	27	(3,328,434)	(2,532,732)
Finance Cost	28	(237,891)	(261,501)
Operating expenses		(52,093,039)	(37,835,421)
Operating profit before allowance		69,454,640	55,237,742
Less: Allowance for credit and other losses	29	(14,399,842)	(27,049,496)
Net profit before tax		55,054,798	28,188,246
Taxation	30	(15,777,639)	(5,411,091)
Net profit after tax		39,277,159	22,777,155
Other Comprehensive income		-	-
Total comprehensive income		39,277,159	22,777,155

See accompanying notes to financial statements**Date: August , 2024**

uab bank Limited*(Incorporated in the Republic of the Union of Myanmar)***Statement of Changes in Equity as at 31st March 2024**

	(MMK)'000				
	Share Capital	Statutory Reserve	General Loan Loss Reserve	Retained Earnings	Total
Balance at 1st April 2023	54,000,000	21,702,634	14,866,947	48,766,622	139,336,203
Issued shares	-	-	-	-	-
Total comprehensive income for the year	-	-	-	39,277,159	39,277,159
Transfer to reserves	-	9,819,290	-	(9,819,290)	-
Prior year adjustment	-	-	-	-	-
Dividends	-	-	-	-	-
Balance at 31st March 2024	54,000,000	31,521,924	14,866,947	78,224,491	178,613,362
Balance at 1st April 2022	54,000,000	16,008,345	14,866,947	31,683,756	116,559,048
Issued shares	-	-	-	-	-
Total comprehensive income for the year	-	-	-	22,777,155	22,777,155
Transfer to reserves	-	5,694,289	-	(5,694,289)	-
Prior year adjustment	-	-	-	-	-
Dividends	-	-	-	-	-
Balance at 31st March 2023	54,000,000	21,702,634	14,866,947	48,766,622	139,336,203

See accompanying notes to financial statements

Date: August , 2024

uab bank Limited*(Incorporated in the Republic of the Union of Myanmar)***Statement of Cash Flows for the year ended 31st March 2024**

	Year ended 31 st March 2024 (MMK)'000	Year ended 31 st March 2023 (MMK)'000
Cash flows from operating activities		
Profit before income tax	55,054,798	28,188,246
Adjustment for non-cash items:		
- Depreciation	2,322,887	1,864,812
- Intangible assets amortised	118,917	162,073
- Depreciation expenses of right-of-use assets	3,167,412	3,039,593
- Impairment on loan	(8,044,582)	21,965,275
- (Gain) / Loss on disposal of property and equipment	(59,704)	(204,868)
- Write off property and equipment	25,622	9,895
- Finance cost	237,891	261,501
- Commercial Tax	5,293	-
- Lease adjustment- other income	(124,308)	59,445
Operating profit/(loss) before working capital changes	52,704,226	55,345,972
Changes in operating assets and liabilities		
- Loan and advances to customers	(807,734,206)	(532,953,966)
- Other assets	(59,475,713)	(4,631,682)
- Deposits	1,226,769,400	676,600,071
- Other liabilities	38,762,500	34,525,403
Cash generated from operations	451,026,208	228,885,798
Income tax paid	(11,149,700)	(4,381,000)
Net cash provided by/(used in) operating activities	439,876,508	224,504,798
Cash Flows from investing activities		
Investment in government securities & public securities	101,000,000	38,070,000
Purchase of property and equipment	(21,672,383)	(22,364,246)
Purchase of intangible assets	(76,439)	(126,250)
Acquisition of Right-of-use assets	(6,224,120)	(3,286,110)
Repayment of lease liability	(971,854)	(1,067,815)
Sales proceed of property and equipment	93,846	223,695
Net cash provided by/(used in) investing activities	72,149,051	11,449,273
Cash Flows from financing activities		
Issued share capital	-	-
Borrowing from the Central Bank/inter bank borrowing	92,466,445	373,773,241
Net cash provided by/(used in) financing activities	92,466,445	373,773,241
Net increase/(decrease) in cash and cash equivalents	604,492,004	609,727,313
Cash and cash equivalents at beginning of the year	861,384,125	251,656,813
Cash and cash equivalents at end of the year	1,465,876,129	861,384,125

See accompanying notes to financial statements

Date: August , 2024

uab bank Limited

(Incorporated in the Republic of Union of Myanmar)

Notes to the Financial Statements for the year ended 31st March 2024

These notes form an integral part of the financial statements.

1. General

uab bank Limited (The Bank) was registered as a private bank on June 14, 2010 as certified by DICA new Registration No.189354002 under the Myanmar Companies Law (2017) in place of former registration No.390/2010-2011. The Bank was permitted to carry out banking business under License No. MaVaBa/PaBa(R) 14/08/2016 on August 24, 2016 by the Central Bank of Myanmar according to Section 176 of the Financial Institutions 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 25th 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 registered office of the Bank is No (3), Bank Development Zone, Corner of Kyaing Tone Road and Mawlamyine Road, Oaktaya Thiri Township, Nay Pyi Taw, Myanmar.

The Bank is currently operating with Eighty Seven (87) branches in total in widespread locations in Myanmar as the Bank opens the three new branches, such as Myawaddy branch, Myintkyina branch and Kawthaung branch during the year 2023-2024.

2. Basis of preparation

The financial statements have been prepared under the historical cost basis and in accordance with the Myanmar Financial Reporting Standards ("MFRS") and instructions and guidance provided by the Central Bank of Myanmar ("CBM").

The accounting policies adopted by the Bank is consistent with those adopted in the previous years.

Opening Balances as at 1st April 2023 are carried forward from the financial statements for the financial year ended 31st March 2023 ,audited by V Advisory Limited.(Certified Public Accountants).

3. Summary of significant accounting policies

3.1 Foreign currency transactions.

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.

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 arising on the settlement of monetary item and on the retranslation of monetary items are recognised in profit or loss for the year.

3.2 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".

3.3 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 and overdrafts), usually on a time - apportion basis.

3.4 Dividend income

Dividend income is recognised when the right to receive payment is established.

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Notes to the Financial Statements for the year ended 31st March 2024

3.5 Other income

Other income includes gains resulting from foreign exchange and other items of income from various sources.

3.6 Income tax

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.

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

Deferred tax

Deferred tax is recognized 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 recognized for all taxable temporary differences. Deferred tax assets are generally recognized 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 utilized. Such deferred tax assets and liabilities are not recognized 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 year and reduced to the extent that it is no longer probable that sufficient taxable profit 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 year in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

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 year, to recover or settle the carrying amount of its assets and liabilities.

3.7 Financial instruments

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

3.7.1 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.

(i) **Financial instruments at fair value through profit or loss**

Financial instruments classified in this category consist of financial assets held-for-trading. Financial assets are classified as held-for trading if they are acquired principally for the purposes of selling or repurchasing it in the near term.

Financial instruments included in this category are recognized initially at fair value and transaction costs are taken directly to profit or loss. Gains and losses from changes in fair value and dividend income are included directly in "Net gains and losses on financial instruments" in the statement of comprehensive income. Interest income is recognized as "interest income" in the statement of comprehensive income. Regular purchases and sales of financial assets held-for-trading are recognized at settlement date.

(ii) **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 method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

(iii) **Held-to-maturity**

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. If the Bank is to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the statement of financial position date which are presented as current assets. These financial assets are initially recognized at fair value including direct and incremental transactions costs, and subsequently measured at amortised cost using the effective interest method. Interest on investment held-to-maturity is included in the statement of income and is reported as "Interest income". Impairment losses, if any, are recognized in the statement of income as "Impairment on other assets".

(iv) **Available-for-sale**

Available-for-sale financial assets are financial assets that are designated as such or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognized in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognized in profit or loss. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognized. Interest income calculated using the effective interest method is recognized in profit or loss. Dividends on an available-for-sales equity instrument are recognized in profit or loss when the Company's right to receive payment is established.

The Bank's available-for-sale financial assets comprise investment in unquoted shares. Investments in unquoted share whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets which are not expected to be realised within 12 months after the financial year end are classified as non-current assets.

3.7.2 Financial liabilities

Other non-derivative financial liabilities

Other non-derivative financial liabilities are initially recognized at the fair value of consideration received less directly attributable costs. Subsequent to initial recognition, non-derivative financial liabilities are measured at amortised cost. The Bank does not have any non-derivative financial liabilities designated at fair value through profit or loss. Financial liabilities measured at amortised cost included deposits from customers, deposits from banks, and other borrowed funds.

3.7.3 Recognition and derecognition

The Bank initially recognized all financial assets and financial liabilities on the date that they are originated and measured initially at fair value.

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset are expired or the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Bank derecognizes a financial liability when the contractual obligations are discharged, cancelled or expired.

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

For all other financial assets, objective evidence of impairment could include:

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

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Notes to the Financial Statements for the year ended 31st March 2024

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 assets. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans and advances, where the carrying amount is reduced through the use of an allowance account. When a 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 categorizes its loans and advances in accordance with CBM's regulations. Based on the instructions and guidance issued by the CBM, the Bank generally classifies its loans and advances as "Sub-standard" when the counterparty has failed to make payments when contractually due, for more than 60 days but not more than 90 days. Loans and advances are generally further classified as "Doubtful" and "Loss" where the loans and advances are past due by more than 91 days to 180 days and over 180 days respectively.

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".

Non-performing loans

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

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

Loss grades indicate the amount of loan recovery is assessed to be insignificant. As per the CBM's instruction, all loans with repayments over 180 days past due are classified as "Loss".

In determining if the loan is non-performing, management also considers several factors such as expected future cash flows, the financial ability of the borrower to meet its obligations, and business and economic conditions.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. 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.*

3.9 Impairment of non-financial assets

Non-financial assets, such as property and equipment, investment properties and foreclosed properties, are reviewed for impairment annually, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where such indications exist, the carrying amount of the assets is written down to its recoverable amount, which is the higher of the fair value less costs to sell and the value-in-use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3.11 Property and equipment and depreciation

All items of property and equipment are initially recorded at cost. The cost of an item of property and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of replaced parts are derecognized. All other repairs and maintenance are charged to profit or loss when they are incurred.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent to initial recognition, property and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses, if any.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight-line basis calculated to write off the cost of each asset to its residual value over the term of its estimated useful lives of the assets at the following principal annual rates:

• 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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy for the recognition and measurement of impairment losses is in accordance with Note 4.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognized.

3.12 IFRS 16 leases

The Bank adopted IFRS 16 with an initial application date of 01st 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 01st October 2019.

3.13 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 and transactions costs 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.

3.14 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.

3.15 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 cashflows have not been adjusted.

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

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

3.16 Share capital

Ordinary shares are classified as equity when there is not contractual obligation to transfer cash or other financial assets.

3.17 Other liabilities

Other payables represent liabilities for services provided to the Bank prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Other payables are initially recognized at fair value, and subsequently carried at cost.

3.18 Provisions

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

Provisions are reviewed at each financial year end adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3.19 Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognized in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities and assets are not recognized in the statements of financial position of the Bank in the current and previous financial period ends.

3.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants act in their economic best interest when pricing the asset or liability.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the financial year end.

3.21 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Bank if that person:

- Has control or joint control over the Bank;
- Has significant influence over the Bank; or
- Is a member of the key management personnel of the Bank or of a parent of the Bank

(b) An entity is related to the Bank if any of the following conditions applies:

- The entity and the Bank are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- Both entities are joint ventures of the same third party;
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- The entity is a post-employment defined benefit plan for the benefit of employees of either the Bank or an entity related to the Bank. If the Bank is itself such a plan, the sponsoring employers are also related to the Bank;
- The entity is controlled or jointly controlled by a person identified in (a);
- A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Bank's accounting policies, which are described in Note 3, 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 recognized in the year in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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 recognized in the financial statements.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key source of estimation uncertainty at the end of the reporting year that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment losses on loans and advances

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

All impaired loans that exceed specific thresholds are individually assessed for impairment. Impairment losses are recognized as the difference between the carrying value of loan and the discounted value of management's best estimate of future cash repayments and proceeds from any collaterals held. These estimates take into account the customer's debt capacity and financial flexibility; the amount and sources of cash flow; and the realizable value of any security held. Estimating the quantum and timing of future recoveries involves significant judgement. The size of receipts will depend on the future performance of borrower and the value of security, both of which will be affected by future economic conditions. Additionally, collateral may not be readily marketable. The actual amount of future cash flows and the date they are received may differ from these estimates. Consequently, actual losses incurred may differ from those recognized in these financial statements.

Useful life of property, plant and equipments

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.

5. Financial risk management

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

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

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

A discussion on the main financial risks that the Bank is exposed to and how these risks are managed, is set out below.

5.1 Interest rate risk

Sensitivity to interest rates in banking activities arises from mismatches in the interest rate characteristics of the assets and their corresponding liability funding. One of the major causes of these mismatches is timing differences in the 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 bank determined by the Central Bank of Myanmar. As at 31st March 2024, the interest rates on loans are subject to the following maximum caps:

	Secured	Unsecured
• Loans and advances:	5.5% to 10%	14.50%
• Overdraft	8%	14.50%
• Hire purchase:	10%	14.50%
• Staff Loan	8.5% to 10%	-
• Home Loan	10%	-
• Credit Card	-	13%

As at 31st March 2024, the interest rates on deposits are subject to the following minimums:

• Saving deposits:	6%
• Fixed deposits:	6.5% to 7.25%
• 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.

uab bank Limited*(Incorporated in the Republic of Union of Myanmar)***Notes to the Financial Statements for the year ended 31st March 2024****(MMK in million)**

	up to 12 months	1 to 5 years	Non-interest sensitive	Total (31-3-2024)
ASSETS				
Cash and balances with bank	-	40,000	1,425,876	1,465,876
Loan and advances	1,294,754	865,225	265,901	2,425,880
Investment	-	216,910	6,194	223,104
Total assets	1,294,754	1,122,135	1,697,971	4,114,860
LIABILITIES				
Deposit from banks	126,149	-	162,924	289,073
Deposit from customers	2,760,379	43,323	280,259	3,083,961
Borrowing	566,633	-	-	566,633
Total liabilities	3,453,161	43,323	443,182	3,939,666
Total interest sensitivity gap	(2,158,407)	1,078,813	1,254,788	175,194

5.2 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 up the minority of the population of collateral held. Credit evaluations to derive the Bank's risk exposures according to internal policies are performed on all clients at the inception of the loans and at loan roll over dates.

The Bank 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 loan 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 minimize credit loss, the Bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

The fair value of collateral is valued by an independent assessor is based on valuation techniques commonly used for the corresponding assets, done before the inception of the loan. Loans are usually given the margins of 30% to 70% of the forced Sale Value, which is also independently estimated. There is no revaluation of the collaterals in subsequent periods but at the renewal/roll-over of a loan, the customer is questioned about any changes to the collateral at which point the need for a reappraisal will be decided.

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

The Bank's policy required the review of individual credit facility on a periodic basis or when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss on a case-by-case basis and subject to the approval of Credit Committee.

uab bank Limited*(Incorporated in the Republic of Union of Myanmar)***Notes to the Financial Statements for the year ended 31st March 2024****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 call upon. For commitments, the maximum exposure to credit risk is the full amount of undrawn credit facilities granted to customers.

	31st March 2024 (MMK in million)	31st March 2023 (MMK in million)
Cash and cash equivalents	1,465,876	861,384
Loan and advances	2,377,240	1,569,506
Investment security	223,104	324,104
Other assets	238,606	173,373
	4,304,826	2,928,367
Off-balance sheet		
Contingent liabilities		
- Guarantees	106,017	97,015
- Commitments	501,740	47,197
	607,757	144,212
Total maximum exposure to credit risk	4,912,583	3,072,579

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:

	31st March 2024 (MMK in million)	31st March 2023 (MMK in million)
Agricultural/livestock & fishery	372,317	9,775
Construction	395,923	183,176
Manufacturing/production	260,095	189,005
Service	426,698	269,693
Trade	466,599	701,562
Transportation	100,154	22,915
Mining	106,152	-
Housing loan	137,465	78,128
Pledge	566	70,134
Credit life loan	855	592
Hire purchase	13,124	4,925
Staff Loan	6,978	1,384
General	134,073	61,900
Credit card	4,881	3,328
Total	2,425,880	1,596,517

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 overdrafts,

	31 st March 2024 (MMK in million)	31 st March 2023 (MMK in million)
Sub-standard	77,398	50,649
Doubtful	6,323	6,775
Loss	227,599	208,477
	311,320	265,901

Base on the instructions and guidance issued by the CBM, the Bank generally classifies its loans and advances as "Sub-standard" when the counterparty has failed to make payments when contractually due, for more than 60 days but not more than 90 days. Loans and advances are generally further classified as "Doubtful" and "Loss" where the loans and advances are past due by more than 91 days to 180 days and over 180 days respectively. Doubtful and Loss are defined as non performing Loans (NPL). As per report to the CBM, NPL ratio is 9.64% as at 31st March 2024.

5.3 Liquidity risk and cash flow risk

Liquidity risk is the risk that the Bank is unable to meet its financial obligations as and when they fall due, such as upon maturity of deposits and draw-down of loans. Senior Management reviews its assets & liabilities position on a daily regular basis.

The Bank manages cash flow risk by maintaining daily cash flow position and also forecasting its future cash flow on a daily basis. The Bank also has a plan of how to mitigate the risk.

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 meeting 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 procedures 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.

The Bank's liquidity ratio as of 31st March 2024 was (45.28%), which is higher than standard ratio (20%) set by the Central Bank of Myanmar Notification No.19/2017.



uab bank Limited*(Incorporated in the Republic of Union of Myanmar)***Notes to the Financial Statements for the year ended 31st March 2024****5.4 Foreign exchange risk**

Foreign exchange risk is the risk to earnings and economic value of foreign currency assets, liabilities and financial derivatives caused by fluctuations in foreign exchange rates.

The Bank's foreign exchange exposures comprise banking (non-trading) foreign exchange exposures. Non-trading foreign exchange exposures are principally derived from investments and funding activities and customer businesses.

The tables below analyse the net foreign exchange positions of the Bank as at 31st March 2024 by major currencies, which are mainly in Myanmar Kyat, US Dollar, Euro, Singapore Dollar and Thai Baht.

	MMK	USD	Euro	SGD	THB	(MMK in million) Total (31-3-2024)
ASSETS						
Cash and balances with bank	892,621	488,350	1,708	5,457	77,740	1,465,876
Loan and advances to customers	2,370,603	55,277	-	-	-	2,425,880
Investment securities	223,104	-	-	-	-	223,104
Total assets	3,486,328	543,627	1,708	5,457	77,740	4,114,860
LIABILITIES						
Deposit from customers	2,639,459	414,128	520	74	29,780	3,083,961
Deposit from banks	145,892	105,653	0.24	0.16	37,527	289,073
Total liabilities	2,785,351	519,781	521	75	67,307	3,373,034
Net open position	700,978	23,846	1,188	5,382	10,433	741,827

5.5 Operational risk

Operational risk, which is inherent in all business activities, is the potential for financial loss, and business instability arising from failures in internal controls, operational processes or the systems that support them.

The goal of operational risk management is to balance cost and risk within the constraints of the risk appetite of the Bank and to be consistent with the prudent management required of a large financial organization.

It is recognized that such risk can never be entirely eliminated and that the cost of controls in minimizing these risks may outweigh the potential benefits. Accordingly, the Bank continues to invest in risk management and mitigation such as business continuity management and incident management. In reinforcement of the implementation of the Bank's risk strategy, independent checks on risk issues are undertaken by the internal audit function.

5.6 Legal and compliance risk

Legal risk is the risk that the business activities of the Bank have with unintended or unexpected legal consequences. It includes risk arising from:

- (1) Inadequate documentation, legal or regulatory incapacity, insufficient authority of a counterparty and uncertainty about the validity or enforceability of a contract in counterparty insolvency;
- (2) Actual or potential violations of law or regulation (including activity unauthorized for a bank and which may attract a civil or criminal fine or penalty);
- (3) Failure to protect the Bank's property;
- (4) The possibility of civil claims (including acts or other events which may lead to litigation or other disputes); and
- (5) Loss or increased charges associated with changes in, or errors in the interpretation of, taxation rates or law.

Compliance risk arises from a failure or inability to comply with the laws, regulations or codes applicable to the financial services industry. Non-compliance can lead to fines, public reprimands, and enforced suspension of operations or, in extreme cases, withdrawal of authorization to operate.

The Bank identifies and manages legal and compliance risk through effective use of its internal and external legal and compliance advisers.

5.7 Capital management

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

uab bank Limited*(Incorporated in the Republic of Union of Myanmar)***Notes to the Financial Statements for the year ended 31st March 2024****“Capital funds” is defined as listed below:**

	(MMK in million)	
	<u>2024</u>	<u>2023</u>
Paid-up ordinary share capital	54,000	54,000
Retained earnings/(Loss)	78,224	48,767
Reserves	46,389	36,569

The Bank's Tier (1) capital ratio as of 31st March 2024 was 6.74% and regulatory capital adequacy ratio as of 31st March 2024 was 8.09% respectively, as against 4% of minimum tier (1)'s capital and 8% of capital adequacy ratio, as set out by the Central Bank of Myanmar Notification No.16/2017.

6. <u>Cash & cash equivalents</u>	31st March 2024	31st March 2023
	(MMK)'000	(MMK)'000
Cash and balances with Central Bank of Myanmar	811,401,774	524,661,764
Cash and balances with other banks	466,059,571	152,072,187
Cash in hand	188,414,784	184,650,174
	1,465,876,129	861,384,125
7. <u>Loans and advances to customers</u>	31st March 2024	31st March 2023
	(MMK)'000	(MMK)'000
Credit card	4,881,345	3,327,578
Hire purchase	13,124,494	4,925,515
Loans and advance	1,819,042,290	1,083,038,749
Overdraft	581,854,517	501,853,358
Staff loans	6,977,504	3,371,911
Total loans and advances to customers	2,425,880,150	1,596,517,111
Less: Provision for bad and doubtful debt (SP)	(48,639,838)	(27,011,006)
Net loans and advances	2,377,240,312	1,569,506,106
8. <u>Investment securities</u>	31st March 2024	31st March 2023
	(MMK)'000	(MMK)'000
Held to maturity		
Investment in Government Securities (Treasury bonds)	216,910,000	317,910,000
Available-for-sales securities		
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
	223,104,000	324,104,000

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Notes to the Financial Statements for the year ended 31st March 2024

9. Property, plant and equipments

(MMK)'000

	Land and Building	Office Machine and Equipment	Furniture, Fixture and Fitting	Electrical Equipment and Computer Accessories	Motor Vehicle	Total
Cost						
At 1 st April 2023	69,409,927	6,338,451	1,110,395	4,342,278	1,411,897	82,612,949
(+) Additions	17,363,243	1,793,682	182,253	1,980,254	352,951	21,672,383
(-) Disposal	(500)	(96,652)	(115,707)	(169,036)	(590)	(382,485)
(-) Write off	(66,861)	(113,520)	(24,564)	(177,538)	-	(382,483)
Donations	-	-	-	(52,655)	-	(52,655)
At 31 st March 2024	86,705,809	7,921,961	1,152,377	5,923,303	1,764,258	103,467,708
Accumulated depreciation						
At 1 st April 2023	4,431,916	4,199,514	841,440	2,852,882	589,891	12,915,643
(+) Charge for the year	563,986	803,116	89,531	698,813	167,440	2,322,887
(-) Disposal	(82)	(80,835)	(97,829)	(169,007)	(590)	(348,343)
(-) Write Off	(66,134)	(94,447)	(21,672)	(174,608)	-	(356,861)
Donations	-	-	-	(52,655)	-	(52,655)
At 31 st March 2024	4,929,686	4,827,348	811,470	3,155,425	756,741	14,480,671
Net book value at 31st March 2024	81,776,123	3,094,613	340,907	2,767,878	1,007,517	88,987,038
Net book value at 31st March 2023	64,978,012	2,138,937	268,955	1,489,396	822,006	69,697,306

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uab bank Limited

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Notes to the Financial Statements for the year ended 31st March 2024

10. Right-of-use assets

	ROU Prepaid	ROU Lease liabilities	ROU Restoration	Vehicle	(MMK)'000 Total
<u>Cost</u>					
Balance at 1 st April 2023	29,663,538	2,162,060	420,318	2,734,284	34,980,200
(+) Additions	4,530,968	1,200,212	-	492,940	6,224,120
Contract End	(3,138,174)	-	(72,290)	(439,224)	(3,649,689)
Balance at 31 st March 2024	31,056,332	3,362,272	348,028	2,788,000	37,554,631
<u>Accumulated depreciation</u>					
Balance at 1 st April 2023	9,072,030	488,200	309,602	1,789,156	11,658,988
(+) Charge for the year	2,261,849	312,874	30,226	562,462	3,167,412
Transfer/Adjust	(10,830)	-	-	-	(10,830)
Contract End	(3,138,174)	-	(72,290)	(439,224)	(3,649,689)
Balance at 31 st March 2024	8,184,875	801,074	267,538	1,912,394	11,165,882
Net book value at 31st March 2024	22,871,456	2,561,198	80,490	875,606	26,388,749
Net book value at 31st March 2023	20,591,508	1,673,860	110,716	945,128	23,321,212
<u>Lease liabilities</u>					
		Lease Liabilities- building	Lease Liabilities- Restoration	Vehicle	Total
Within one year		231,000		816,375	1,047,375
More than one year		2,912,732	781,064	134,852	3,828,648
Balance at 31 st March 2024		3,143,732	781,064	951,227	4,876,023
Within one year		-	46,508	629,353	675,861
More than one year		2,167,186	841,333	472,369	3,480,888
Balance at 31 st March 2023		2,167,186	887,842	1,101,722	4,156,749
<u>Amount recognised in profit and loss</u>					
Depreciation			Lease Liabilities	Vehicle	Total
			2,604,949	562,463	3,167,412
Finance cost			148,400	89,491	237,891
<u>Amount recognised in cash flow statement</u>					
Total cash outflow for lease			Lease Liabilities	Vehicle	Total
			238,929	732,925	971,854

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Notes to the Financial Statements for the year ended 31st March 2024

11. <u>Intangible assets</u>	31st March 2024 (MMK)'000	31st March 2023 (MMK)'000
<u>Cost</u>		
Balance at the beginning of year	245,609	281,432
Acquisition	76,439	126,250
Amortization for the year	(118,917)	(162,073)
Balance at the end of year	203,131	245,609
12. <u>Other assets</u>		
	31st March 2024 (MMK)'000	31st March 2023 (MMK)'000
Interest receivables	23,642,077	13,738,554
Prepaid and advances	31,969,236	39,364,259
Fixed deposits- 1 year	110,566,753	64,904,047
Others	72,427,956	55,366,215
	238,606,021	173,373,075
13. <u>Deposits and placements with banks</u>		
	31st March 2024 (MMK)'000	31st March 2023 (MMK)'000
Current deposits	162,923,888	25,307,412
Saving deposits	148,653	140,049
Fixed deposits	126,000,000	15,000,000
	289,072,541	40,447,461
14. <u>Deposits from customers</u>		
	31st March 2024 (MMK)'000	31st March 2023 (MMK)'000
Current deposits	280,258,554	210,914,175
Savings deposits	553,204,494	473,531,300
Fixed deposits	1,139,823,362	713,944,457
Call deposits	1,110,674,610	707,426,767
	3,083,961,020	2,105,816,699
15. <u>Borrowings</u>		
	31st March 2024 (MMK)'000	31st March 2023 (MMK)'000
Borrowings from CBM (SWAP)	421,633,274	380,249,311
Borrowing from local private banks (Local currency)	145,000,000	93,917,518
	566,633,274	474,166,829

uab bank Limited*(Incorporated in the Republic of Union of Myanmar)***Notes to the Financial Statements for the year ended 31st March 2024**

16. Other liabilities	31st March 2024 (MMK)'000	31st March 2023 (MMK)'000
Accrued interest payable	26,765,529	13,037,696
Accrued operating expenses	1,123,014	1,128,463
Provision for income tax	15,777,639	5,416,384
Provision for others	-	576,830
Sundry creditors	34,497,739	41,332,026
Deferred income	-	647
Others	219,085,238	196,215,444
	297,249,159	257,707,490

17. Lease liabilities	31st March 2024 (MMK)'000	31st March 2023 (MMK)'000
Lease liability of building lease	3,143,732	2,167,186
Lease liability of leasing cars	951,227	1,101,722
Lease liability of dismantlings	781,064	887,842
	4,876,023	4,156,750

18. Share capital	31st March 2024 (MMK)'000	31st March 2023 (MMK)'000
Beginning of year	54,000,000	54,000,000
Shares issued during the year	-	-
Balance at end of year	54,000,000	54,000,000

The amount of issued and paid-up capital at 31st March 2024 of MMK 54 billion is divided into 108,000 shares at MMK 500,000 each and owned by the following shareholders as per the records filed with the registerer of companies (Directorate of Investment and Company Administration).

Shareholders	%	Number of Share	Value
Capital Link Investment Company Limited	40%	43,200	21,600,000
Future Growth Investment Company Limited	60%	64,800	32,400,000
	100%	108,000	54,000,000

uab bank Limited*(Incorporated in the Republic of Union of Myanmar)***Notes to the Financial Statements for the year ended 31st March 2024**

19. Reserves	31st March 2024	31st March 2023
The details are as follows:	(MMK)'000	(MMK)'000
<u>Statutory reserve fund</u>		
Opening balance	21,702,634	16,008,345
Addition for the year	9,819,290	5,694,289
Closing balance	31,521,924	21,702,634
<u>Reserve for contingencies</u>		
Opening balance	-	-
Addition for the year	-	-
Closing balance	-	-
<u>General loan loss provision (GP)</u>		
Opening balance	14,866,947	14,866,947
Addition for the year	-	-
Closing balance	14,866,947	14,866,947
Total Reserves	46,388,871	36,569,581

(1) In compliance with Section 35(a) of the Financial Institutions Law, 25% of the net profit after tax has been set aside as statutory reserve fund.

(2) In compliance with Central Bank Notification 17/2017, 2% of total balance of loans and advances is to be set aside as general reserve.

	MMK (Billion)
Loan & overdraft (31-3-2024)	2,425.88
2 % required	48.52
Provided in accounts (31-3-2024) (14.87 Billion + 48.78 Billion)	63.65

uab bank Limited*(Incorporated in the Republic of Union of Myanmar)***Notes to the Financial Statements for the year ended 31st March 2024**

20. <u>Interest income</u>	Year ended 31st March 2024 (MMK)'000	Year ended 31st March 2023 (MMK)'000
Interest on loans to customers	193,989,097	122,708,561
Interest on money market	13,391,784	12,613,435
Interest on Treasury Bonds and T-bills	23,119,510	32,313,975
Interest income from fund reserve	1,218,243	169,936
	231,718,634	167,805,907

21. <u>Interest expense</u>	Year ended 31st March 2024 (MMK)'000	Year ended 31st March 2023 (MMK)'000
Interest on saving deposit	23,883,942	24,097,981
Interest on call deposit	51,009,828	30,734,679
Interest on fixed deposit	72,930,454	46,200,172
Interest on Inter-bank deposit	3,105,799	141,816
Interest on borrowing	13,129,667	8,326,014
Interest on other	36,613	-
	164,096,303	109,500,662

22. <u>Fee and commission income</u>	Year ended 31st March 2024 (MMK)'000	Year ended 31st March 2023 (MMK)'000
Commission on payment order	84,462	121,617
Commission on remittance	55,411	191,674
Commission on cards	2,530,615	2,225,961
Service fees	34,706,813	14,035,409
Commitment fees	609,949	411,854
Commission on trade related	6,814,415	3,508,167
Commission on cheque	5	-
Commission on others	1,880,351	718,109
	46,682,021	21,212,791

uab bank Limited*(Incorporated in the Republic of Union of Myanmar)***Notes to the Financial Statements for the year ended 31st March 2024**

23. <u>Other income</u>	Year ended 31st March 2024 (MMK)'000	Year ended 31st March 2023 (MMK)'000
Treasury (Forex) trading income	2,797,672	6,563,636
Extension fees on loans and advances	3,452,809	3,773,210
Exchange gain/(loss) on cards	(8,554)	26,889
Disposal gain/(loss) on fixed assets	59,704	186,243
Miscellaneous	941,697	3,005,148
	7,243,328	13,555,126
24. <u>Personnel expenses</u>	Year ended 31st March 2024 (MMK)'000	Year ended 31st March 2023 (MMK)'000
Salaries and allowances	20,255,286	15,640,362
Staff welfare contribution	1,200	1,100
Staff social security contribution	191,261	170,054
Staff bonus and rewards	5,250,000	3,469,000
Training expenses	30,936	11,908
Director fees and expenses	253,446	264,428
Staff recruitment expenses	4,502	9,003
	25,986,631	19,565,855
25. <u>General and administration expenses</u>	Year ended 31st March 2024 (MMK)'000	Year ended 31st March 2023 (MMK)'000
Maintainance and repairs	1,993,692	1,396,685
Miscellaneous expenses	3,298,435	1,805,536
Supplies and services	8,476,631	5,150,709
Rates and taxes	1,029,328	675,788
Insurance expenses	83,764	47,530
Technology expenses	1,209,414	816,356
	16,091,264	9,892,604
26. <u>Operating Lease Expenses</u>	Year ended 31st March 2024 (MMK)'000	Year ended 31st March 2023 (MMK)'000
Rent - Buildings	99,053	90,554
Rent - Others	740,550	425,697
	839,603	516,251

uab bank Limited*(Incorporated in the Republic of Union of Myanmar)***Notes to the Financial Statements for the year ended 31st March 2024**

	Year ended 31 st March 2024 (MMK)'000	Year ended 31 st March 2023 (MMK)'000
27. <u>Other expenses</u>		
Professional fees and expenses	32,398	22,200
Legal expenses	2,293	13,062
Travelling expenses	567,679	489,995
Consultant fees	2,726,064	2,007,475
	3,328,434	2,532,732
28. <u>Finance Cost</u>		
	Year ended 31 st March 2024 (MMK)'000	Year ended 31 st March 2023 (MMK)'000
Finance cost of ROU Lease Building	130,870	98,484
Finance cost of ROU Leasing Cars	89,490	140,990
Finance cost on Dismantling	17,531	22,027
	237,891	261,501
29. <u>Allowance for Credit and Other Losses</u>		
	Year ended 31 st March 2024 (MMK)'000	Year ended 31 st March 2023 (MMK)'000
Specific allowance on / (write-back) of:		
Loans	22,306,153	4,793,923
Cash shortage	50,000	276,830
Obsolete Inventory	61,532	3,573
Write-off fixed assets	25,622	9,895
Others	1,117	-
General allowance (2%)	(8,044,582)	21,965,275
	14,399,842	27,049,496

uab bank Limited*(Incorporated in the Republic of Union of Myanmar)***Notes to the Financial Statements for the year ended 31st March 2024****30. Taxation**

	Year ended 31 st March 2024 (MMK)'000	Year ended 31 st March 2023 (MMK)'000
Tax expense/(credit) attributable to profit or (loss) is made up of:		
Corporate income tax at 22%	10,971,669	5,392,467
Capital gain tax at 10%	5,970	18,624
Under/(over) provision in prior financial years	4,800,000	-
	15,777,639	5,411,091

31. Related parties

Related parties cover key management personnel and their related parties. Key management personnel refer to the Bank's directors and members of its Management Executive Committee.

- The following significant related party transaction took place during the financial year.

(MMK'000)

	2023-2024 (Year ended)			2022-2023 (Year ended)		
	Key Management Personnel	Other Related		Key Management Personnel	Other Related	
		Individual	Entity		Individual	Entity
uab securities	-	-	101,547	-	-	77,215
Director fees	253,446	-	-	264,428	-	-

- The following significant related party balances at reporting date.

(MMK'000)

	31-03-24			31-03-23		
	Key Management Personnel	Other Related		Key Management Personnel	Other Related	
		Individual	Entity		Individual	Entity
uab securities	-	-	1,255,989	-	-	1,437,612

uab bank Limited*(Incorporated in the Republic of Union of Myanmar)***Notes to the Financial Statements for the year ended 31st March 2024****32. Guarantees and commitments**

	31 st March 2024 (MMK)'000	31 st March 2023 (MMK)'000
<u>Guarantees:</u>		
Performance guarantees	103,990,820	96,554,368
Contingent liabilities	154,310	154,314
Others	1,871,535	305,895
Total guarantees	106,016,665	97,014,577

Guarantees are contracts that contingently require the Bank to make payments to a guaranteed party based on an event or a change in an underlying asset and liability.

Commitments:

	31 st March 2024 (MMK)'000	31 st March 2023 (MMK)'000
Commitment	501,740,057	47,196,955
	501,740,057	47,196,955