



**Leading
Change and
Humanising
Banking**

Contents



- Our Purpose & Mission
- Who We Are
- **uab** at a Glance
- Financial Highlights
- Corporate Information
- Board of Directors & Committees
- Profile of Board of Directors
- Chairman's Statement
- CEO's Report

Corporate Overview



- Our Business Model
- Our Product & Services
- Our Correspondent Network
- Statement on Risk Management & Internal Control
- Corporate Governance Statement
- Risk Management Statement
- Sustainability
- Human Resources

Leading **Change** and Humanising Banking



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

Our Mission



We lead changes in financial services. We are an institution of strength built on sound principles and good governance



We deliver banking with a heart, we care for our people and the communities we are in



We connect people and build relationships to foster a stronger community spirit



We create opportunities and a better future for our staffs and our customers



We are the change that will empower the communities around us, and together enrich the lives of those we touch

Who We Are



uab bank is a leading bank in Myanmar. Established in 2010, we are now serving our customers from a growing network of over 78 branches in 47 townships across Myanmar. **uab** provides a wide range of financial services including consumer banking, premier banking, SME banking, corporate banking, trade finance and treasury services. Through our subsidiary **uab securities**, we also provide brokerage services, corporate and financial advisory, investment banking and capital market activities.

At **uab bank**, we believe in leading the way towards a better Myanmar, humanising banking, connecting people, creating opportunities and changing lives. In December 2017, **uab** launched “Be The Change Myanmar” initiative that represents our commitment to driving change for a better Myanmar, specifically focusing on empowering women and children. We believe **uab** must operate responsibly and be committed to the community we are in.

No. of Branches

78

Employees
Over
2,000

Total Income
MMK 19
billion

Profit After Tax
MMK 5.8
billion

Total Assets
Over

MMK 1 trillion

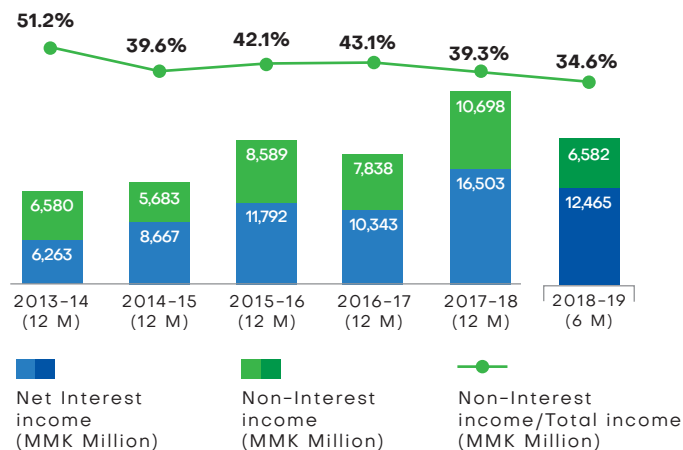
ROE

17.7%

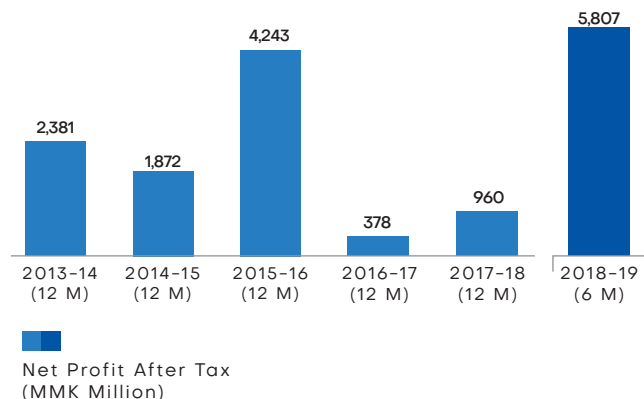
Connect.
Create.
Change.

Financial Highlights

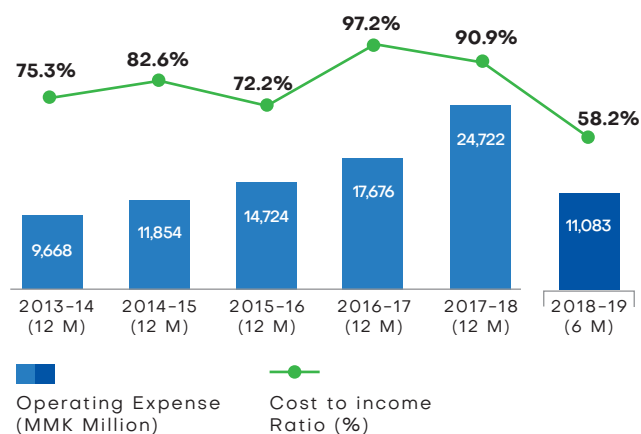
Total Income



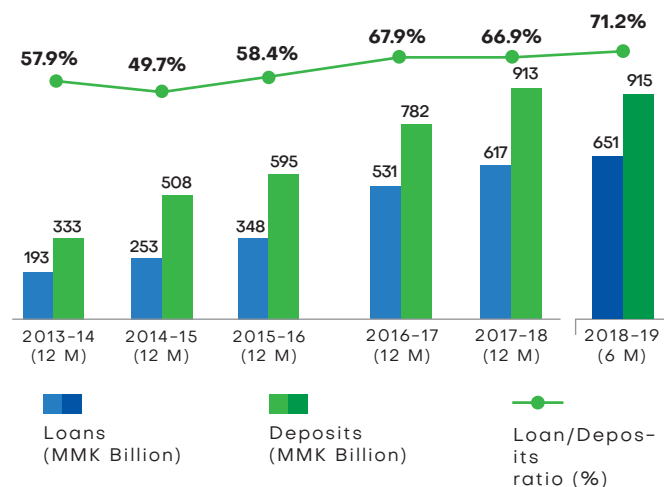
Net Profit After Tax



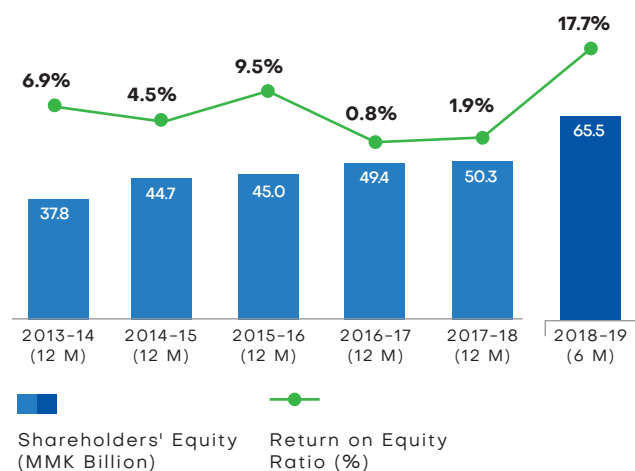
Operating Expense/Cost to Income Ratio



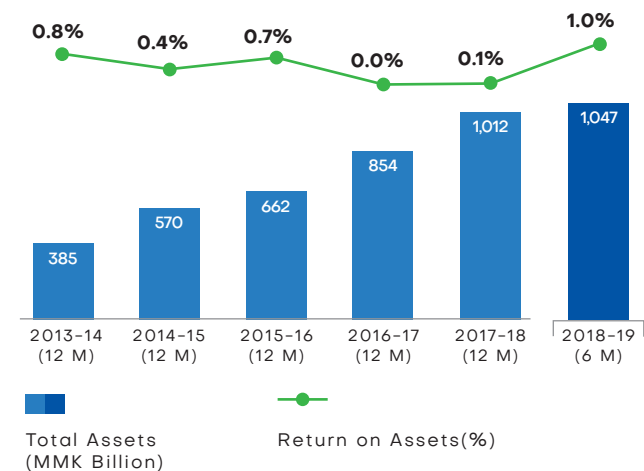
Customer Loans/Deposits



Shareholders' Equity/ROE



Total Assets/ROA



	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Financial Summary						
	12M	12M	12M	12M	12M	6M
Selected Income Statement Items (MMK Million)						
Total Income	12,843	14,350	20,381	18,180	27,200	19,047
Total Expense (Note 1)	9,668	11,854	14,724	17,676	24,722	11,083
Operating Profit	3,175	2,496	5,657	504	2,478	7,964
Net Profit After Tax	2,381	1,872	4,243	378	960	5,807
Selected Balance Sheet Items (MMK Million)						
Net Customer Loans	193,008	252,903	348,037	530,834	616,550	651,323
Customer Deposits	333,061	508,439	595,464	781,835	920,993	914,674
Total Assets	385,443	570,197	661,876	853,974	1,012,279	1,047,209
Shareholders' Equity	37,828	44,700	44,983	49,355	50,301	65,526
Key Financial Indicators (%)						
Cost to Income Ratio (CIR)	75.3%	82.6%	72.2%	97.2%	90.9%	58.2%
Gross Non-performing Loan Ratio (NPL) (Note 2)	0.02%	0.66%	1.05%	2.05%	4.36%	4.83%
Return on Average Equity (ROAE)	6.9%	4.5%	9.5%	0.8%	1.9%	17.7%
Return on Average Assets (ROAA)	0.8%	0.4%	0.7%	0.0%	0.1%	1.0%
Capital Adequacy Ratio (CAR)						
Tier 1 CAR	16.2%	14.0%	10.4%	6.4%	5.7%	7.4%
Total CAR (Note 3)	16.2%	14.4%	11.0%	8.2%	6.1%	7.9%
Liquidity Ratio	38.4%	43.8%	37.8%	28.5%	25.8%	22.3%
Reserve Ratio	44.3%	41.2%	5.8%	5.3%	5.6%	5.6%

- Note 1 - Provisions are excluded from total expense.
- Note 2 - At at 30 Sep 2018 Gross NPL was MMK 33,995.78 million against total collateral value of MMK 109,777.63 million representing collateral coverage of 3.23 times
- Note 3 - As at 31st December 2018, the Bank reported a CAR of 8.21% which is above the minimum CAR stipulated by CBM.
- The prudential compliance ratios are (NPL \leq 5%) , (CAR \geq 8%) , (Liquidity \geq 20%) and (Reserve \geq 5%)



Corporate Information

Name :	United Amara Bank Limited
Registered Address:	Bank Development Zone, No (3), Corner of Kyaing Tone Road and Mawlamyaing Road, Oakaya Thiri Township, Nay Pyi Taw.
Head Office:	No. 520(A/4), Kabar Aye Pagoda Road, Bahan Township, Yangon.
Paid-up Capital:	MMK 54 billion
Board of Directors:	Ne Aung (Non-Executive Chairman) Khin Moe Nyunt (Non-Executive Director) Than Win Swe (Non-Executive Director) Sein Win (Senior Independent Non-Executive Director) Thant Zin (Non-Executive Director) Hnin Hnin Aung (Non-Executive Director) Christopher Loh (MD/CEO)
Auditors:	V. Advisory Limited
Senior Management:	Christopher Loh (MD/CEO) Kyawt Kay Khaing (Deputy CEO) Htun Htun Oo (Director, Finance) Than Sein (Director, Technology) George Koshy (Director, Risk & Compliance) Mahesh Bhandari (Director, Treasury & FI) Mathew Kootaplackil (Director, Credit Management) Sally Low (Director, Human Resources) Lai Swee Kim (Director, Corporate Banking) Nay Win Maung (Director, Operations) Htay Kyaw Naing (Deputy Director, Administration) Thandar Htike (Deputy Director, Trade Finance) Atar Latt (Assistant Director, Internal Audit) Saung Oo Nwe (Assistant Director, Marketing) Ho Yow Chan (Assistant Director, Digital Banking)

Board of Directors & Board Committees

Board of Directors
Ne Aung (Non-Executive Chairman)
Khin Moe Nyunt (Non-Executive Director)
Than Win Swe (Non-Executive Director)
Sein Win (Senior Independent Non-Executive Director)
Thant Zin (Non-Executive Director)
Hnin Hnin Aung (Non-Executive Director)
Christopher Loh (MD/CEO)

Board Advisory & Strategy Committee
Ne Aung (Chairman)
Than Win Swe
Thant Zin
Hnin Hnin Aung
Christopher Loh

Board Risk Committee
Than Win Swe (Chairman)
Sein Win
Thant Zin
Hnin Hnin Aung
Christopher Loh

Board Audit Committee
Sein Win (Chairman)
Than Win Swe
Hnin Hnin Aung

Board Credit Committee
Thant Zin (Chairman)
Hnin Hnin Aung
Than Win Swe

Profile of Board of Directors



Ne Aung

Non-Executive Chairman

U Ne Aung (aged 51 years) is the Founder and Non-Executive Chairman of **uab bank** and has been with the Bank since its inception in July 2010. He has been instrumental in providing guidance and vision in positioning the Bank to where it presently is. U Ne Aung's experience covers multiple industries ranging from trade, real estate, construction, energy, financial services, hospitality, and telecommunications. U Ne Aung holds a BSc in Chemistry and brings with him over 25 years of entrepreneurial and leadership experience.

U Ne Aung also chairs the Board Advisory & Strategy Committee



Khin Moe Nyunt

Non-Executive Director

Daw Khin Moe Nyunt (aged 50 years) has been a member of the Board since the Bank's inception in July 2010. Daw Khin Moe Nyunt graduated from Yangon University with a BSc in Botany. She also earned an MBA and a Master's Degree in Development Studies from the Yangon Institute of Economics. Apart from over 20 years of business experience, Daw Khin Moe Nyunt is active in a number of shared value initiatives and charitable activities.



Than Win Swe

Non-Executive Director

U Than Win Swe (aged 52 years) served as the CEO of the Bank since the Bank's inception in July 2010 until August 2016. His working career began in 1996 and he has been involved in a number of businesses ranging from trade, real estate, construction, energy, financial services, hospitality, and telecommunications. U Than Win Swe holds a Bachelor in Commerce and Master in Public Administration. He brings with him unparalleled knowledge in many industries and also in banking.

U Than Win Swe chairs the Board Risk Committee and is a member of the Board Advisory & Strategy Committee, Board Credit Committee and Board Audit Committee.



Sein Win

Senior Independent Non-Executive Director

U Sein Win (aged 69 years) has over 46 years senior management experience in the finance and audit industry. U Sein Win was formerly with the Ministry of Finance's Budget Department and Ministry of Mines. In 1997, he set up his own audit & consulting firm called Sein Win & Associates. U Sein Win holds a B.Com and is a qualified CPA. He has been in the Board of **uab** since August 2016.

U Sein Win chairs the Board Audit Committee and is a member of the Board Risk Committee.



Hnin Hnin Aung

Non-Executive Director

Daw Hnin Hnin Aung (aged 46 years) was appointed a member of the Board in December 2017. With over 20 years of industrial and financial know-how, she brings a wide-ranging experience across a number of industries. Daw Hnin Hnin Aung holds a BSc in Industrial Chemistry from Yangon University as well as an MBA from the University of Economics, Yangon.

Daw Hnin Hnin Aung is a member of the Board Advisory & Strategy Committee, Board Credit Committee, Board Risk Committee and Board Audit Committee.



Thant Zin

Non-Executive Director

U Thant Zin (aged 44 years) served at **uab bank** from period 2011 to 2017 where his last position was the Chief Operating Officer. He is presently involved in a number of other companies dealing in trading, construction and properties and was appointed a member of the Board of **uab bank** in December 2017. He brings to the Bank both his industrial and banking experience of over 22 years. Thant Zin holds an MBA degree from Institute of Economics, Yangon and B.Sc. (Physic) from Yangon University.

U Thant Zin chairs the Board Credit Committee and is a member of the Board Advisory & Strategy Committee and Board Risk Committee.

Profile of Board of Directors



Christopher Loh

MD & Chief Executive Officer

Mr. Christopher Loh (aged 42 years) joined **uab bank** in September 2017. Prior to joining **uab bank**, he was the Group Chief Strategy Officer and Chief Executive of International Business at RHB Banking Group. Mr. Loh has held several senior executive positions including being on the Board of Director in Cambodia & Laos, and the Deputy Group Chief Risk Officer at a large banking group. He was also a partner with a global management consulting firm where he worked with regional and global financial institutions across Asia-Pacific, United States and the United Kingdom to transform their business and risk capabilities. After his stint with a leading UK banking group in London, he returned to Asia to help build and lead a very successful risk management practice where he was the managing director before his departure. He has also spent several years with a leading insurer in Singapore, and had established and run a technology and media start-up.

Mr. Loh graduated with an honours degree in engineering and business from Nanyang Technological University, Singapore and is an alumnus of INSEAD Senior Leadership Programme.

Mr. Loh is a member of the Board Advisory & Strategy Committee and Board Risk Committee.



Junior Boardroom | New Head office @ Times City



Connect. Create. Change.

Chairman's Statement



"As we progress into our 9th year of operations, we will continue to build on the foundation laid to become an institution of strength built on sound principles and good governance."

I am pleased to report that the Bank recorded a commendable set of results for the six (6) months ending 30 September 2018. Net profit after tax increased to MMK 5,806.87 million compared to a loss of MMK 34.11 million in six (6) months ending 30 Sept 2017. This is on the back of a 11.9% growth in total assets, surpassing MMK 1.0 trillion for the first time since the inauguration of the Bank in August 2010.

Our journey

We started this journey in 2010 from humble beginnings as a simple traditional bank with our first branch in Nay Pyi Taw. We were driven by a strong vision and desire to contribute to the people of Myanmar with modern banking. We laid our foundations with a five-year strategy and hired both local and foreign talent to assist us with our vision. Whilst the initial 5-year period was slow, the pace picked up over the last 2 years as we instituted major changes in the way we ran our business together with changes that the Central Bank of Myanmar introduced in the regulatory framework. These regulatory changes demanded for stronger compliance and higher standards.

In response to the regulatory changes, we committed and established a strong and dedicated board of directors and recruited subject matter experts into our Management team. The Board understood the importance of corporate governance in driving sustainable growth and sent our Directors for a certified director course conducted by the Thai Institute of Directors. This has equipped our Directors with a good knowledge of corporate governance, professionalism and their duties as directors on the Board.

In late-2017, we appointed a new CEO – Mr. Christopher Loh who led the restructuring and transformation of the Bank. In the past 1 year, he has institutionalized reforms that strengthened corporate governance, grew our revenue streams, optimized costs and deepen our talent pool with a stronger management team that delivered a record profit for the Bank. We are pleased with the results achieved and the growth trajectory of the Bank as reflected by the financial statements.

2019 Outlook

Myanmar's GDP is forecasted to grow 6.6 % in

2018 and 7.0 % in 2019 by Asian Development Bank. Whilst inflation rate is forecast at 6.0% in 2019, Myanmar's negative current account balance has contributed to the declining foreign exchange over much of 2018. The Bank has taken proactive steps to ensure that its net open foreign exchange position is squared and negative impact of foreign currency movements are minimal.

Given a large part of the population are still unbanked and underbanked, the opportunity for banking growth remains positive. The adoption of digital and FinTech will enable the Bank to drive financial inclusion and provide banking services to the wider population across the whole of Myanmar. We will continue to innovate, launch our mobile banking app, and scale our branch network prudently to make banking more accessible to the people of Myanmar.

In 2019, our strategic focus will be "Rebrand, Refresh and Revenue Growth". Several initiatives will be launched to propel the Bank ahead including a major rebranding exercise to introduce our new identity. I see this rebranding as a metamorphosis of the bank and am proud to witness this transition of the Bank into a more modern, innovative and humane banking institution. I believe this change will benefit our staff, our customers and the communities we are in.

Corporate Responsibility

We are mindful of all stakeholders that the Bank serves and the Board is satisfied that a good balance has been achieved between value creation and corporate responsibility. We intend to increase our contribution and do more in the future.

Charting our transformation forward, we have redefined our purpose to lead the way to-

wards a better Myanmar, humanising banking, connecting people, creating opportunities and changing lives. This change is anchored on our fundamental belief to be a responsible banking institution that the people of Myanmar will trust and honour.

The Sustainability Report which is part of this Annual Report highlights some of our policies and efforts made towards this focus.

Acknowledgement

As we progress into our 9th year of operations, we will continue to build on the foundation laid to become an institution of strength build on sound principles and good governance. With the leadership of our experienced Management team, we will continue to seize the opportunities that Myanmar brings for business and financial growth whilst maintain a strong balance sheet to ensure sustainability in the long run.

I would like to thank fellow Board members, who have brought a depth of knowledge and experience into the Bank; all of whom have participated actively at Board meetings and contributed to sub-committee activities.

On behalf of the Board of Directors, I would like to convey my sincere appreciation to Mr. Christopher Loh, the Chief Executive Officer and Deputy CEO, Kyawt Kay Khaing, the management team and all our staff for their commitment, drive and contribution throughout the years. Finally, I would like to thank our valued customers for all the support and trust they have placed in the Bank.

Ne Aung
Chairman

CEO's Report



" I am pleased to share that the changes we had undertaken in the past year has enabled us to deliver a record profit for the half-year ended 30 September 2018."

In September 2017, we started the journey to re-make **uab bank** and transform the Bank into a modern leading financial institution in Myanmar. Against an increasingly complex regulatory landscape, we set about restructuring the Bank by improving the governance structure, optimising our balance sheet and funding, maximising revenue streams, reducing cost and deepening our talent pool. I am pleased to share that the changes we had undertaken in the past year has enabled us to deliver a record profit for the half-year ended 30 September 2018. This turnaround has also laid the foundation necessary for us to take the leap forward as we commence the journey to rebrand ourselves to be more relevant in a fast-changing, ever-evolving economic and banking environment.

We have redefined our purpose – to lead the way towards a better Myanmar, humanising banking, connecting people, creating opportunities and changing lives. Our new brand identity encapsulates the essence of our purpose of existence and our desire to deliver banking with a heart.

Moving forward, we will continue our transformation journey and our strategic focus for 2019 will be

around “Rebrand, Refresh and Revenue Growth”. We believe the momentum from initiatives that we have undertaken over the last financial year will translate into longer term sustainable outcomes for all uabians, our customers and other stakeholders.

The Year in Review

2018 saw the escalation of tension between the two largest economies in the world. The US-China trade war continues to stoke markets and higher volatility in both equities and currencies. Brexit and the health of the EU economy continues to be a concern while China continues to push her agenda on the One Belt One Road initiative. Amidst this highly volatile and uncertain global landscape, the domestic market was not spared. The Myanmar kyat weakened considerably against the US dollar and business sentiments trend lower.

On the banking front, the Central Bank of Myanmar (CBM) continuing to push the local banks towards greater accountability, sustainable growth and capital strength. The liberalisation of the banking sector continues with several changes made by the CBM.

Foreign banks were in February 2018 approved to provide export financing for local exporters and in August 2018, foreign banks were allowed to provide import financing services. Further, in November 2018, foreign banks were permitted to provide MMK financing to local corporates, an area previously serviced only by local banks. It is expected that the market will be further liberalised in the short to medium term and will result in an even more competitive environment than what it presently.

The regulatory environment has tightened with a number of prudential regulations introduced by CBM and although the cost of compliance will increase, this augurs well for the supervision of the market. The outlook is that further regulations will be introduced over the short term.

In May 2018, the Myanmar Credit Bureau was accorded a license to provide credit bureau services and the banking industry look forward to the start of actual operations of the credit bureau in order to obtain better data to assess the credit worthiness of borrowers. Realistically, it will take a few years to build up a comprehensive credit database, but an early start is important.

Financial Performance Highlights

With the change in the fiscal year by the Myanmar

government, all banks were required to adopt the new fiscal year ending on 30th September from the previous 31st March. As a result, we are reporting our 6-months financial results for this 6-months transitional financial year ending 30th September 2018.

The Bank reported a record net profit after tax of MMK 5,806.87 million compared to a loss of MMK 34.11 million a year before. Operating income grew 66% to MMK 19,046.66 million with operating expenses decreasing 2% to MMK 11,304.17 million. This was a result of our relentless focus on pushing for growth with strict management of our costs, resulting in our much-improved cost-to-income ratio (CIR) of 58.2% from 98.1% for the 6 months ending 30th September 2017.

Strengthening Governance, Risk Management and Compliance

The restructuring efforts started right from the top, focusing on strengthening the corporate governance. In September 2017, a clear segregation of duties and accountability were established between the Board and the Management. The Board took on a non-executive role with responsibilities on strategy, governance and oversight. Executive authorities were vested to the management under a Board-approved term of reference and delegation of author-

	6-mths ending 30 Sep 2017 (MMK'000)	6-mths ending 30 Sep 2018 (MMK'000)	Improvement (MMK '000)	Percentage Improvement
Operating Income	11,471,875	19,046,663	7,574,788	66%
Operating Expenses	11,505,993	11,304,168	-201,825	-2%
Profit after tax	-34,118	5,806,871	5,840,989	> 100%
Assets	936,195,157	1,047,208,972	111,013,815	12%
Loans	555,930,985	651,064,873	95,133,888	17%
Deposits	863,772,456	914,674,470	50,902,014	6%

CEO's Report

ity. Several Board Committees were established to assist the Board in the discharge of its duties. Similarly, a number of Management Committees were established along with the renewal of the terms of references of existing committees.

A new risk and compliance department were established with a senior leader appointed to drive a strong risk and compliance culture adoption. The Compliance function was strengthened, anti-money laundering compliance given greater attention and regular reports are now made to the Board Risk Committee to enable better oversight.

Internal audit as a 3rd line of defence was up-graded with a new audit framework and methodology. A new risk rating model were introduced to enable risk-based audits. A Management Audit Committee was further set up to ensure that audit findings from internal auditors, external auditors and Central Bank inspectors were given priority and adequately addressed by the Bank.

To ensure that the right corporate culture and values are embedded in our employees, an Anti-Bribery and Corruption Policy, Gift Guidelines and Social Media Guidelines were issued. A strong emphasis and tone from the top on integrity and honesty was delivered via various employee engagement sessions and town hall meetings held over the last financial period.

Risk Management has now been established as a critical pillar of the Bank and all decisions we make take into consideration a balance of both business and risk factors. This then ensures long term sustainability for all stakeholders.

Stronger Focus on SME and Consumer

Diversification of the asset portfolio remains a key priority for us as we continue to drive a stronger focus on SME and consumer banking. Whilst the Bank has a strong Corporate loan portfolio, we recognised the importance of developing SME and supporting them as SMEs are a core pillar of the Myanmar economy. A separate SME unit was established to drive this and the Bank was amongst the few banks selected for the JICA SME 2-Step Loan Program. This enables

You start-off small.
We **maximise** your **growth**

JICA SME 2 Step LOAN

- as low as **8.5%*** Interest Rate
- up to **5 years** Repayment
- up to **MMK 500m** Amount

Supporting SMEs development and growth in Myanmar



us to provide funding to SMEs at lower interest rates and fuelling the growth of SMEs in Myanmar.

A new UAB Premier Lounge was established to address the growing needs of the affluent customer. This new offering which is strictly “by-invitation” will see us providing an exclusive personal concierge service, lifestyle events and one-stop service to our selected customers. Several other products for consumer including financing for home purchase, vehicle purchase and education has been developed and will be launched in 2019.

Building the Leadership Team

Developing local talents and deepening our talent pool was a key focus as a strong leadership and talent pipeline is essential to the success of the Bank. In 2018, we have promoted our local talent into key position and entrusted greater responsibilities. A total of 8 key promotions of local staff to position of Director, Deputy Director and Assistant Director cadre was undertaken in recognition of their development and contribution.

A number of in-house training was conducted to enhanced banking knowledge, including topics like balance sheet management, risk management, management reporting, operational efficiency and

human capital management. In addition, our finance director attended the PwC’s Chief Financial Officer Programme to further strengthen his financial acumen and understanding of development of international accounting standards and practices.

The core leadership team comprising both local and foreign talent complementing each other has been restructured with several job rotations to build skills. The Management Committee had also been restructured with clearer reporting requirements and accountability.

Be the Change Myanmar

Our “Be the Change Myanmar” initiative, launched in December 2017 is in its 2nd year of running. Be the Change Myanmar represents the Bank’s belief of driving change and inspiring change, thereby creating a wave of change that will bring benefits to the people of Myanmar. We aspire to lead change and to do so, we first have to inspire all our uabians to join the cause, and broaden this to the community we are in. We are proud that in our 2nd instalment of the “Wishes do come true” event, several of our esteemed customers and community partners joined

CEO's Report

us in bringing a little hope and cheer to the underprivileged children by granting more than 1,000 wishes.

We believe that it is our corporate responsibility to build and grow a sustainable environment in which everyone prospers. It is in this environment of inclusiveness with our stakeholders that we are best able to grow our own business and work towards our vision to be a leading bank in Myanmar.

As we continue to push forward on “Be the Change Myanmar” initiative, we expect it to deepen and gain better impact into meeting the needs of our community.

Enabling the Digital Generation

The rapid adoption of smart phones and devices present an unique opportunity for Myanmar to leap-frog financial services adoption. Several initiatives are planned and underway, and a new mobile banking app will be launched in early 2019 for greater convenience to our customers.

Our Focus for 2019 –

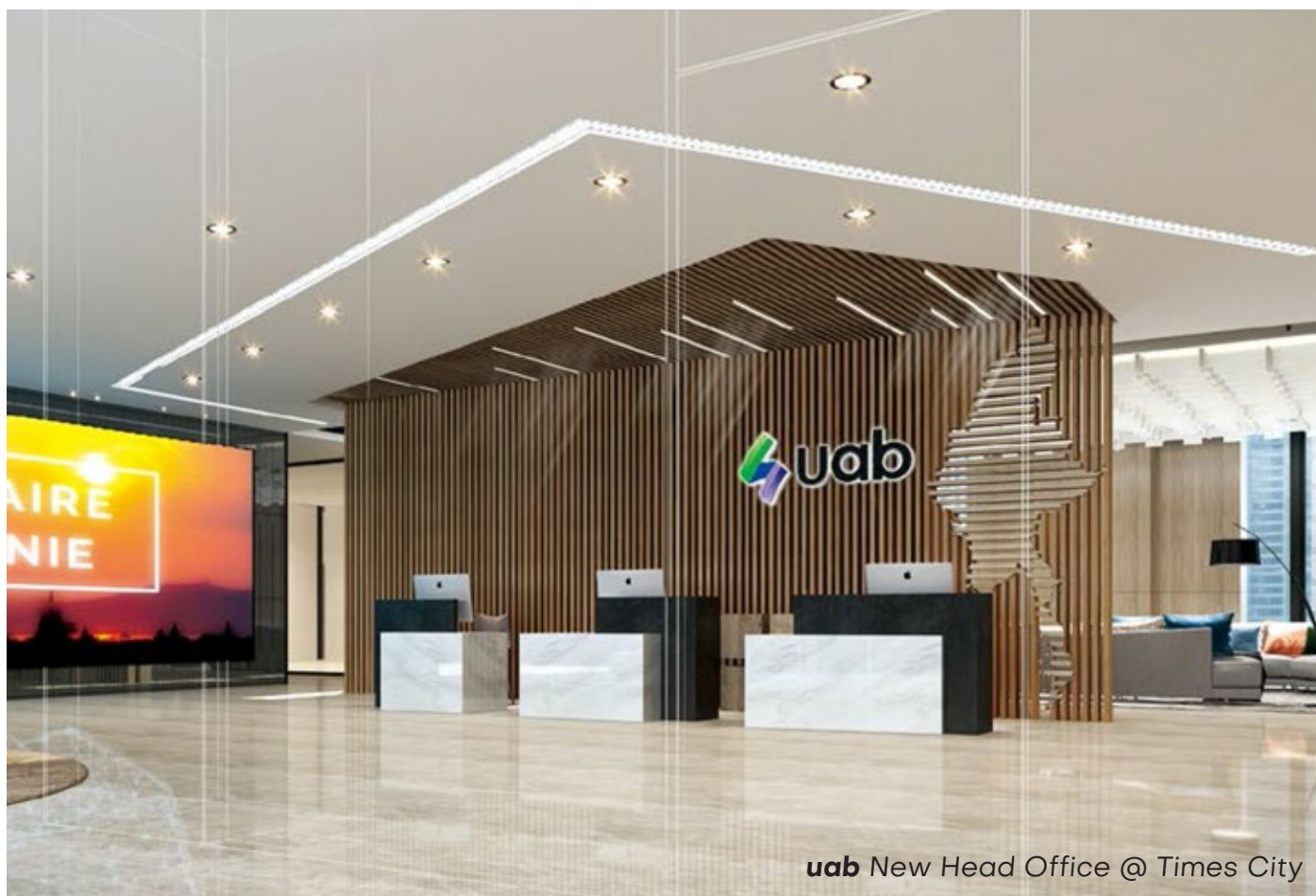
Rebrand, Refresh & Revenue Growth

Riding on the success and foundation we have laid, we are embarking on 2019 with a new brand and new identity.

Rebrand – We will be undertaking a rebranding exercise to officially launch our new brand and new logo, along with our redefined purpose and mission. Our purpose is to lead the way towards a better Myanmar, humanising banking, connecting people, creating opportunities and changing lives. We are expecting to move to our new Head Office – **uab Tower** @ Times City around May 2019. This will signify a new milestone in our corporate history.

Refresh – comprises 2 key focuses, first on refreshing the experience and engagement of our staff. This includes a revamp of our approach to learning and development, and focus on identifying and developing our local talent pool. Second, on refreshing the





uab New Head Office @ Times City

customer experience focusing on providing an enhanced digital experience for customers to engage with the Bank as well as on the ground customer experience and satisfaction at our branches.

Revenue Growth – revenue growth remains a critical part of our ability to invest, both in our business and our staff. We will continue to diversify our asset base, manage asset quality effectively in order to generate a sustainable profit growth. We will be exploring new business models, strategic partnerships and collaborations to widen the ecosystem, both traditionally and digitally.

On behalf of the leadership team, I would like to express our sincere gratitude to our Board of Directors for their unwavering trust and support. I am deeply humbled and grateful to the Chairman for his trust in me and the management team and has given us the latitude to drive and lead the bank into a new chapter. This is a defining moment for the Myanmar

banking sector and for **uab bank** as well. I would also like to thank our customers, regulators and the communities we operate in for their faith in **uab**.

Most importantly, I like to thank each and every uabian for their commitment, trust and support that has taken us this far. To my leadership team – thank you for your trust and unwavering support, without which we would not have been able to achieve this incredible result. Personally, it is gratifying to see the changes we have made amidst the challenges we have. I believe that together, we would be able to lead the bank to greater heights and realise our aspiration to be a strong leading bank in Myanmar.

Christopher Loh

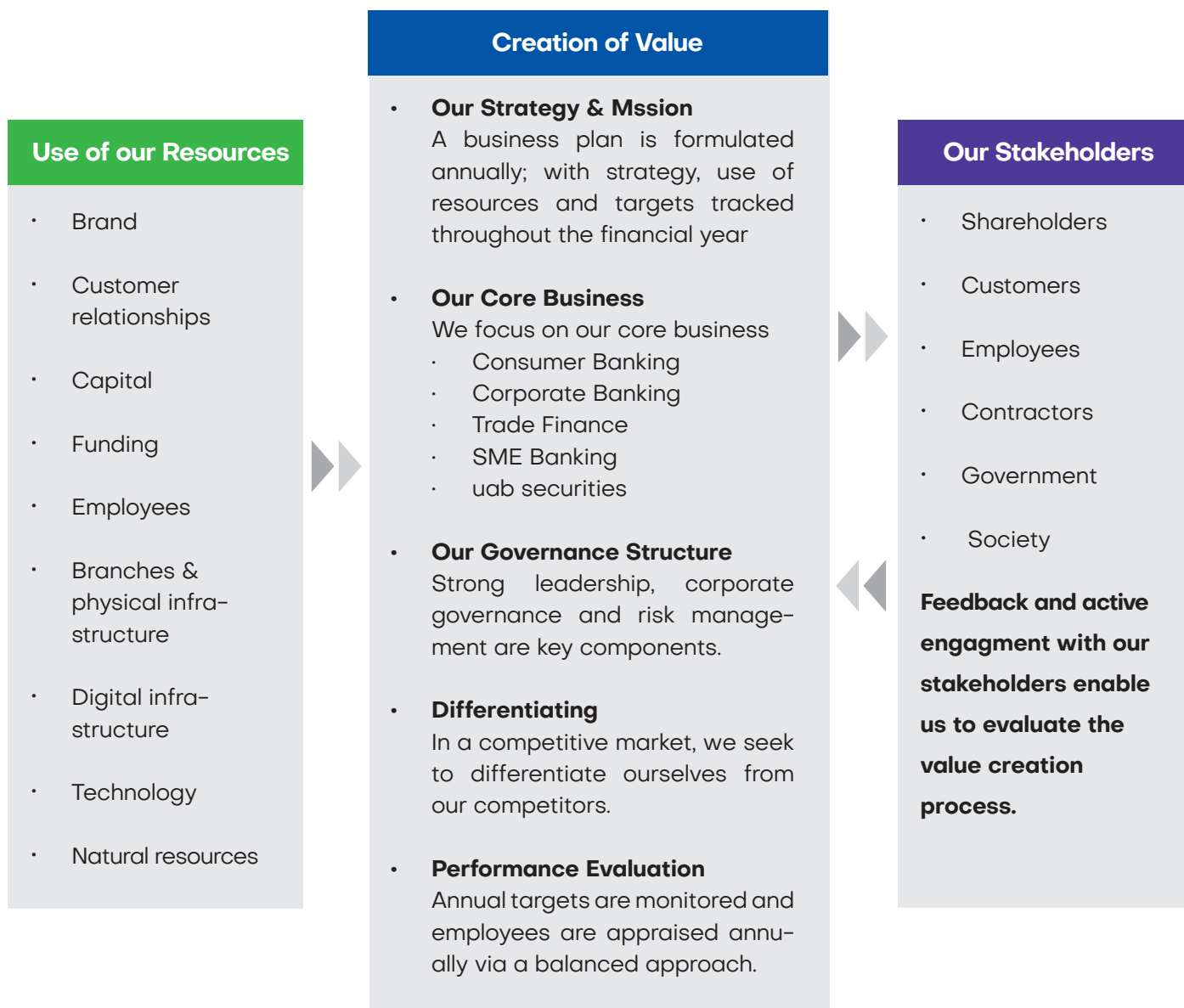
Chief Executive Officer



Our Business Model

Creating Sustainable Growth for Stakeholders

Key to creating value for our stakeholders is the use of our resources available to the Bank in the most sustainable way.



Our Business model which is anchored on a combination of sound strategy, focus on our core business, strong governance structure, differentiating ourselves and performance evaluations enables us the best use of our resources in order to create value for our stakeholders.

Feedback and active engagement with our stakeholders further help us to evaluate the value creation process and the effectiveness of our business model in that value creation.

The business model takes into account the need to balance short-term, medium-term and long-term goals since what is of short-term benefit may not be in the long term sustainable.

Our Products & Services

uab provides an extensive range of products and services to its Customers as listed below:

Consumer Banking:

- **uab** Deposit Accounts
 - Current Account
 - Savings Account
 - Call Account
 - Savings Plan
 - Fixed Deposit
- **uab** Foreign Currency Accounts (USD, Euro, SGD)
- **uab** Foreign Exchange Services
- **uab** Hire Purchase and Vehicle Financing
- **uab** Home Loans
- **uab** Wedding Package
- **uab** Giro Payments

Corporate Banking:

- Working Capital Financing
- Machinery Financing
- Construction Financing
- Receivable Financing
- Export Financing
- Import Financing

SME Financing

- SME Loans and Overdrafts
- JICA 2-Step Loans

Trade Finance:

- Letters of Credit
- Documentary Collection
- Bank Guarantees



Product Responsibility

Our products and services are designed to meet our Customers' needs.

- Across our businesses, we have checks and balances in place, to support adherence to our corporate values and selling practices.
- Products go through a Product Committee process to ascertain that products are tailored to Customer needs and process standards are adhered
- Employees who interact with customers receive training on product features, KnowYour Customer policies, and compliance with regulatory requirements.

Fund Transfer services

- CBM Net Interbank Payments
- International SWIFT Payments
- Western Union Money Transfer
- RIA Money Transfer Service

Electronic services:

- Internet Banking
- Mobile Banking
- ATMs

Cards

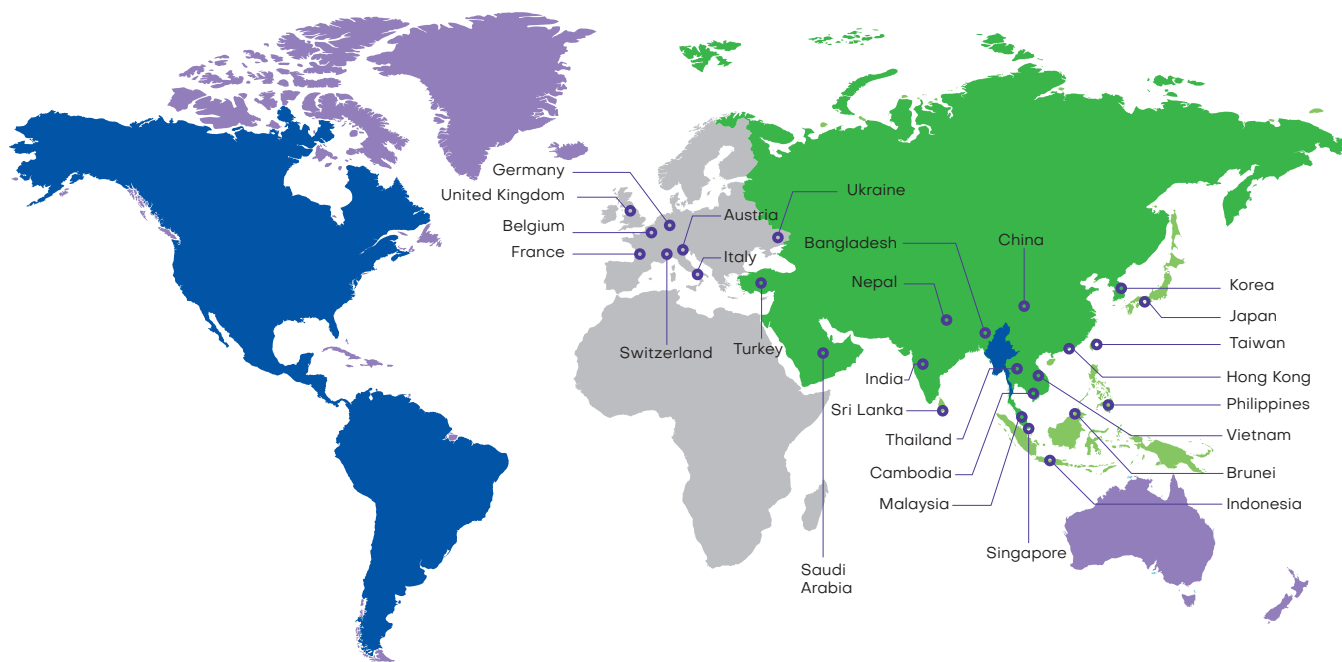
uab Visa Credit Cards

uab Prepaid Visa Cards

uab MPU Debit/ATM Cards

Our Correspondent Network

To facilitate international trade for Customers, **uab** maintains over 100 RMA relationships with banks globally and 18 Correspondent banks.



	Our Correspondent Bank Network	Country
1	LandesBank Baden-Wurttemberg	Germany
2	DBS Bank	Singapore
3	OCBC Bank	Singapore
4	United Overseas Bank	Singapore
5	May Bank	Singapore
6	May Bank	Malaysia
7	United Bank of India	India
8	Krung Thai Bank	Thailand
9	Bangkok Bank	Thailand
10	Kasikorn Bank	Thailand
11	Siam Commercial Bank Plc	Thailand
12	Korea Exchange Bank	South Korea
13	Mizuho bank	Japan
14	Sumitomo Mitsui Banking Corporation	Japan
15	First Commercial Bank	Taiwan
16	Commercial Bank of Ceylon Plc	Sri Lanka
17	AK TIF Yatirm Bankasi A.S.	Turkey
18	China Construction Bank	China

Statement on Risk Management & Internal Control

Responsibility

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

The Board regularly receives and reviews reports on internal control; and is of the view that the system of internal controls that has been instituted throughout the Bank is sound and adequate to safeguard the shareholders' investments and the Bank's assets.

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

The Board has extended the responsibilities of the Board Audit Committee (BAC) to include the role of oversight on internal controls on behalf of the Board, including identifying risk areas and communicating critical risk issues to the Board. The BAC is supported by an independent Internal Au-

dit function which reports directly to it. The internal auditors have performed their duties with impartiality, competency and due professional care.

Risk Management Framework

The Board, through its Board Risk Committee (BRC) provides oversight on risk management strategies, methodologies, policies and guidelines, risk tolerance and other risk related matters of the Bank. Approval of risk policies by the Board is obtained where necessitated by regulatory requirements. In addition, the Management Committee also assume the responsibility of monitoring specific areas of risks pertaining to the Bank's business activities and implement various risk management policies and procedures. For further information on the Bank's risk management framework, please refer to the Risk Management report in this Annual Report.

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

System of Internal Controls

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

- Regular and comprehensive management reports are made available to the Board Advisory and Strategy Committee on a monthly basis, covering financial performance and key business indicators, which allow for effective monitoring of significant variances between actual performance against budgets and plans;
- Clearly defined delegation of responsibilities

to committees of the Board and to Management including organisation structures and appropriate authority levels;

- A risk management framework, code of conduct, human resource policies and performance reward system to support business objectives, risk management and the system of internal control;
- Defined policies and procedures to control applications and the environment of computer information systems;
- Regular updates of internal policies and procedures, to adapt to changing risk profiles and address operational deficiencies;
- Regular reviews of the Bank’s activities by the Bank’s Internal Audit, to assess the effectiveness of the control environment and to highlight significant control gaps impacting the

Bank;

- Documentation and periodic assessment of controls and processes by all business and support units for managing key risks; and Regular senior management meetings to review, identify, discuss and resolve strategic, operational, financial and key management issues.

Assessment of Risk Management and Internal Control System

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



“လုပ်ငန်းအတွက် လိုအပ်နေတဲ့အချိန်မှာ uab က လက်တွဲပြီး ကူညီပေးတဲ့အတွက် လုပ်ငန်းချဲ့ထွင်နိုင်ခဲ့တယ်။ ဒါကြောင့် uab လဲဒီထက်မကအောင်မြင်ပါစေ။”

U Sai Hlaing Sai
 Managing Director
 Top One One Trading



“လုပ်ငန်းတိုးချဲ့ရန် လိုသောငွေကို uab ၏ SME နှင့်ချိတ်ဆက် လုပ်ကိုင်နိုင်တဲ့အတွက် အထူးကျေးဇူးတင်ရှိအပ်ပါသည်။”

Daw Nan Thinzar Aung
 Principal
 Majestic Academy

Corporate Governance

Corporate Governance Statement for year ending 30th September 2018

Board of Directors' Composition, Function and Conduct

uab is committed to upholding good corporate governance which is integral to the Bank's growth and success. The Bank's corporate governance practices are guided by the Bank's Corporate Governance Framework and the Basle Committee's Guidelines on Corporate Governance Principles for Banks.

Board of Directors

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

The key responsibilities of the Board are:

- (a) keeping up with material changes in the bank's business and external environment as well as act necessary changes in a timely manner to protect the long-term interests of the bank;
- (b) overseeing the development of and approve the bank's business objectives and strategies and monitor their implementation;
- (c) playing a lead role in establishing the bank's corporate culture and values;
- (d) overseeing implementation of the bank's governance framework and periodically review that it remains appropriate in the light of material changes to the bank's size, complexity, geographical footprint, business strategy, markets and regulatory requirements;
- (e) establishing, along with bank's officers, the bank's risk appetite, taking into account the competitive and regulatory landscape in the banking industry and the bank's long-term interests, risk exposure

- and ability to manage risk effectively;
- (f) overseeing the bank's adherence to its risk policy and risk limits;
- (g) approving the policy and oversee the implementation of key policies and rules pertaining to the bank's capital adequacy assessment process, capital and liquidity plans, compliance policies and obligations, and the internal control system;
- (h) periodically reviewing key policies and rules to ensure their continued applicability and change or update where necessary;
- (i) requiring the bank to maintain a robust finance function responsible for accounting and financial data;
- (j) approving the annual financial statements and require an annual independent audit;
- (k) approving the selection and performance of the CEO and other Officers;
- (l) overseeing the bank's policies on salaries and benefits, including monitoring and reviewing executive compensation and assessing whether it is aligned with the bank's risk culture and risk appetite;
- (m) overseeing the integrity, independence and effectiveness of the bank's policies and procedures for reporting fraud and other illegal activities;
- (n) overseeing the development of, and approve the bank's policy on transactions with related parties; and
- (o) overseeing the compliance of the bank with the Financial Institutions Law, regulations and directives issued there under.

In implementing Good Corporate Governance principles, the Board has established four (4) committees:

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

Each Board committee will have its Terms of Reference which are well defined and each com-

mittee reports to the Board on significant issues and concerns discussed, and where applicable, recommendations made during the meetings. The composition and terms of reference of each Board Committee is reviewed annually.

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

All functions of a **Nominating Committee and Remuneration Committee** are within the purview of the Board of Directors. The Board is of the view that given the size of the Bank, such functions does not need to be delegated to Board committee for the time being. These functions include reviewing nominations for appointment and re-appointments as well as removal of directors, Chief Executive Officer, key senior management officers and the company secretary. The overall composition of the Board and Board Committees,

continuous development programme and successions plans for key positions including Chief Executive Officer are assessed by the Board of Directors. Further the remuneration policy for Directors and key senior positions are overseen by the Board.

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

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

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

The Board meets at least four (4) times a year. Directors' attendance at Board and Board Committee meetings in April 2018 to Sept 2018 (6 months) is set out in the table below:

		Board of Directors	Board Advisory & Strategy Committee	Board Audit Committee	Board Risk Committee	Board Credit Committee
1.	Ne Aung	5/5	6/6	NA	NA	NA
2.	Khin Moe Nyunt	5/5	NA	NA	NA	NA
3.	Than Win Swe	5/5	6/6	3/3	2/2	11/11
4.	Hnin Hnin Aung	5/5	5/5	3/3	2/2	11/11
5.	Thant Zin	5/5	6/6	NA	2/2	11/11
6.	Sein Win	5/5	NA	3/3	2/2	NA
7.	Christopher Loh	5/5	6/6	NA	2/2	NA

Corporate Governance

Membership, Expertise, Size and Composition of the Board

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

	Board Members	Roles
1.	Ne Aung	Non-Executive Chairman
2.	Khin Moe Nyunt	Non-Executive Director
3.	Than Win Swe	Non-Executive Director
4.	Hnin Hnin Aung	Non-Executive Director
5.	Thant Zin	Non-Executive Director
6.	Sein Win	Senior Independent Non-Executive Director
7.	Christopher Loh	MD / Chief Executive Officer

Independent Non-Executive Directors means those directors, not having any material relationship with the Company, either directly or as a shareholder or an officer of an organization that has a relationship with the Company

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

Succession Planning is considered in this process of review. Further a self-assessment is made on the performance of the Board and its members.

As a group, the directors have vast and varied experience in banking, finance, business and management, and the skills and expertise relevant to the business of the Bank. The directors also recognize the importance of training and development to keep abreast of prudential requirements and best practices. Details of the

experience of the Board members are stated in the Bank's web-site.

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

From time to time, the directors attend various training sessions related to their duties including governance and risk management practices, updates on laws and legislations, anti-money laundering requirements and compliance requirements as well as the Bank's digital channels. The Bank's new and existing directors receive training on topics that are relevant to the business of the Bank and which meet the objective of equipping directors with the relevant

knowledge and skills to perform their role effectively.

Directors have unfettered access to Senior Management, the external auditor and information for the purpose of carrying out their duties. Prior to a meeting, directors are provided with comprehensive and timely financial, risk management and operational reports for their deliberation and to enable them to make informed decisions. Senior executives are present at meetings to provide additional information or clarification as required. Where relevant, professional advisers may be invited to brief the Board or Board Committees.

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

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

The Board is supported by the Secretariat team from the Executive Office whose responsibilities include ensuring that Board procedures are adhered to, advising the Board on corporate governance matters, help the Board to monitor the execution of its decisions and facilitate communication between the Board and Senior Management.

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

Chairman

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

The running of the Board is the responsibility of the Chairman while the running of the company's business is the executive responsibility of the Chief Executive Officer (CEO). There is a clear division of responsibilities between the two positions which ensures a balance of power and authority, such that no one individual has unfettered powers of decision.

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

Minutes of Board meetings presided by the Chairman (or Director, in his absence), will be evidence of the proceedings of meetings or passing of resolutions. (Sect 157, Company Law 2017)

MD & Chief Executive Officer

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

The Board of Directors reviews regularly CEO and Senior Management performance and its succession planning.

Corporate Governance



Board Committees

The Board Committees have been constituted in accordance with the Bank's Corporate Governance Framework.

Board Advisory and Strategy Committee (BASC)

BASC's main responsibilities are:

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

Board Risk Committee (BRC)

BRC's main responsibilities are:

- Provide overall governance of risk across all subsidiaries of the Group
- Review and recommend Group's overall risk strategy and Risk Appetite to Board for approval
- Provide oversight in setting of risk appetite/tolerance and strategic Key Risk Indicators (KRIs)

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

Board Credit Committee (BCC)

BCC's main responsibilities are:

- Affirm/veto/include additional conditions on:
 - credit, stock/futures broking, debt and equity underwriting applications and renewals approved but above the defined threshold of the Management Credit Committee.
 - restructuring and/or rescheduling of performing accounts above the defined threshold of the respective entities.
 - recovery/restructuring/rescheduling proposal for impaired loans/assets and credit/renewal applications approved but beyond the defined threshold of the Management Credit Committee.
 - principal, interest, debt waivers above the defined threshold as stated within the Terms of Reference of the BCC.
- Approve policy loans/financing and loans/financing required by Central Bank of Myanmar to be referred to Board of Directors for approval.

Board Audit Committee (BAC)

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

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

Further, the objectives of the Audit Committee include:

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

Corporate Governance

Director independence and Conflict of Interest

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

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

Financial Reporting

In presenting the annual accounts the Board is committed to present a balanced, clear and understandable assessment of the financial position and prospect of the Bank. The Board is assisted by the BAC to oversee the Bank's financial reporting by scrutinizing the information to be disclosed to ensure accuracy, adequacy and completeness. The Directors Report in respect of preparation of the annual audited financial statements of the Bank is set out in the Annual Report.

Internal Controls

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

Internal Audit (IA) is responsible for evaluating and managing the adequacy and effectiveness of internal controls, and their level of compli-

ance with applicable rules and regulations. The results of the evaluation are acknowledged by Senior Management and independently reported to the BAC. The BAC regularly reviews actions taken on lapses and deficiencies identified in reports prepared by the IA and management's responses to these recommendations to ensure lapses are dealt with adequately and promptly. Based on the internal controls and risk management processes established and maintained by the Bank, the work performed by IA, and the reviews performed by Senior Management and the relevant Board Committees, the Board, with the concurrence of the BAC, is of the opinion that the Bank's systems of risk management and internal controls, including financial, operational, compliance and information technology controls, was adequate and effective as at 30 September 2018.

The Board notes that no system of risk management and internal controls can provide absolute assurance against material error, loss or fraud. The Bank's system of risk management and internal controls provides reasonable but not absolute assurance that the Bank will not be affected by any adverse event which may be reasonably foreseen.

Internal Audit (IA)

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

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

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

Remuneration

The Bank's total compensation comprises two main components:

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

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

Performance-based variable pay is linked to the performance of the Bank, business functions and the employee's individual achievement

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

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

Corporate Responsibility

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

Risk Management Statement

Risk Management Overview

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

Board Responsibility

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

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

- Set overall risks appetite and ensure that mechanisms are in place to effectively mitigate risk.
- Ensure appropriate policies, procedures and controls are in place to manage such risks; and
- Ensure that arrangements are in place for the effective reporting on all issues related to the functioning of the risk management framework.

To assist in the managing of risk, the Bank has established a governance structure that ensure effective oversight of risks and internal controls. The 4 Board committees are as follow:

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

Senior Management Responsibility

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

- Identify and evaluate risks relevant to the Bank's business, and the achievement of its business objectives
- Formulate and implement policies and procedures to manage these risks, as approved by the Board
- Design, implement and monitor the effective implementation of risk management and internal control system
- Report in a timely manner to the Board any changes to the risks and the corrective actions taken

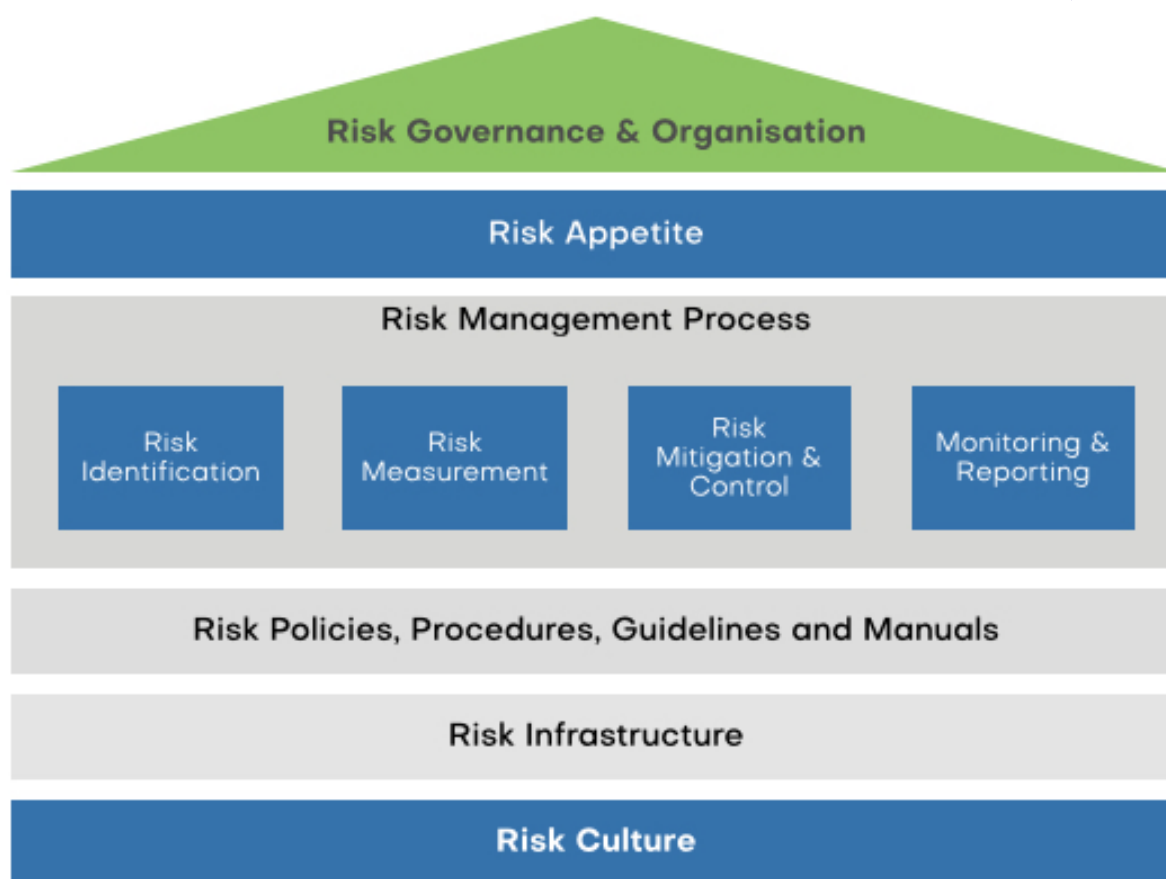
The Bank has also established senior management committees to assist in making business decisions with due consideration to risks and returns. The main senior management committees are:

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

Each Committee of the Bank has its Terms of Reference.

Risk Appetite

The Bank has established risk appetite indicators to define the amount of risk that the Bank is able and willing to take in pursuit of its business objectives. The objective of establishing risk appetite indicators is not to limit risk-taking but to ensure that



the Bank's risk profile remains within well-defined and tolerable boundaries which are aligned to the Bank's business strategy.

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

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

Basel Framework

The Bank observes the Central Bank of Myanmar framework for Capital Adequacy which is based on the Basel Framework.

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

Credit Risk

Credit risk is the risk of loss arising from any failure by a borrower or counterparty to meet its financial obligations when such obligations fall due. Credit risk is the single largest risk that the Bank faces in its core business as a commercial bank, arising primarily from loans and other lending-related commitments to Retail, SME and Corporate borrowers. Treasury operations and investments also expose the Bank to counterparty and issuer credit risks.

Risk Management Statement

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

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

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

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

- Credit Approval Process :
 - the credit origination and approval functions are clearly segregated.
 - credit approval authority is delegated to officers based on their experience, seniority and track record
 - credit approval is based on the borrower's credit rating based on a credit rating system
 - credit policies and credit guidelines that are periodically reviewed to ensure their continued relevance to the Bank's business strategy and business environment.
- Credit Concentration Risk arising from a single party large exposure or from multiple exposures that are closely related. This is managed by setting exposure limits on obligors, portfolios, borrowers, industries and geographical areas.
- Credit Monitoring and Remedial Management with the Bank regularly monitoring credit exposures, portfolio performance and emerging risks that may impact its credit risk profile. The Board and senior management are updated on credit

trends through internal risk reports.

- Delinquency Monitoring is closely monitored since the delinquency of borrowing accounts is a key indicator of credit quality. An account is considered as delinquent when payment is not received on due date. Any delinquent accounts, including a revolving credit facility (such as an overdraft) with limit excesses, is closely monitored and managed through a disciplined process by officers from business units and risk management function. Where appropriate, such accounts are also subject to more frequent credit reviews.
- Classification of Loans are made in compliance to the guidelines from the Central Bank of Myanmar. Performing loans are classified against their Credit ratings and categorized under "Standard", "Watch" and "Substandard" whilst non-performing loans are categorized as 'Doubtful' or 'Loss' in accordance with the Bank's Policy. Any account which is delinquent (or in excess for a revolving credit facility such as an overdraft) for more than 90 days will be categorized automatically as 'Non-Performing'. In addition, the Bank's Policy requires that any account that exhibits weaknesses which is likely to jeopardize repayment on existing terms may be categorized as 'Non-Performing' in an appropriate category.
- Impairment provisions are based on CBM regulations where specific provisions are provided on impaired loans. In addition, a General Provision of 2% on all loans is required.
- Write-Off of a Loan is made the prospect of a recovery is considered poor or when all feasible avenues of recovery have been exhausted.

The Notes to Accounts sets out various tables that

indicate the position of the Bank in the above matters.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Potential loss may be in the form of financial loss or other damages, for example, loss of reputation and public confidence that will impact the Bank's credibility and ability to transact, maintain liquidity and obtain new business. Operational risk includes fraud risk, legal risk, compliance risk, reputational risk, outsourcing risk and technology risk.

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

Operational risk is managed through a framework of policies and procedures by which Business and Support Units properly identify, assess, monitor, mitigate and report their risks.

The strategy for managing operational risk in the Bank is anchored on the three lines of defence concept which are as follows:

- **1st line of Defence** – Business units, departments and retail branches who own and manage risk as part of their day-to-day activity
- **2nd line of Defence** – Independent risk functions including Risk and Compliance Department, Finance Dept and other functions overseeing risks.
- **3rd line of Defence** – Internal audit, external audit and other 3rd party specialists who provide independent assurance .

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

Procedure or Platform & systems.

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

A Management Audit Committee has been established to ensure that all findings of the 3rd line of Defence namely Internal Auditors, External Auditor's and Central Bank Inspectors are rectified by the 1st Line of Defence particularly at root cause level.

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

The Bank actively manages fraud and bribery risks. A whistle-blowing programme is in place and all employees are guided by a Code of Conduct. An Anti-bribery and Corruption Policy is in place with the relevant provisions. A quarterly Risk Newsletter has been instituted to heighten risk awareness amongst employees.

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

Reputational risk is the risk arising from negative perception on the part of customers, counterparties, shareholders, investors, debt-holders, market

Risk Management Statement

analysts, other relevant parties or regulators that can adversely affect a bank's ability to maintain existing, or establish new, business relationship and continued access to sources of funding (e.g. through the interbank or securitization markets). The Bank recognizes the impact of reputational risk and the Marketing Department monitors all activities in the social, print and other forms of media and communications.

Liquidity Risk

The Bank maintains sufficient liquidity to fund its day-to-day operations, meet deposit withdrawals and loan/financing disbursements, participate in new investments, and repay borrowings. Hence, liquidity is managed in a manner to address known as well as unanticipated cash funding needs.

Liquidity risk is managed in accordance with a framework of policies, controls and limits. In addition to these controls and policies, the Bank also actively manages and monitors daily Central Bank of Myanmar liquidity requirements. These policies, controls and limits enable the Bank to monitor and manage liquidity risk to ensure that sufficient sources of funds are available over a range of market conditions. These include minimizing excessive funding concentrations by diversifying the sources and terms of funding as well as maintaining a portfolio of high quality and marketable liquid assets.

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

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

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

Market Risk

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

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

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

Sustainability

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



Sustainability

Leading the way towards a better Myanmar, humanizing banking, connecting people, creating opportunities and changing lives

Our approach to sustainability is described below:

Sustainability

At **uab**, we believe in giving back to all stakeholders which includes its employees, customers, shareholders, business partners, contractors, government and the community where we do business. We believe that it is our corporate responsibility to build and grow a sustainable environment in which everyone prospers. It is in this environment of inclusiveness with our stakeholders that we are best able to grow our own business and work towards our vision to be a leading bank in Myanmar.

We define sustainability as the quality of not being harmful to people, communities, environment or depleting natural resources, and thereby supporting long-term social and ecological balance. We believe that a healthy balance between wealth and wellbeing is essential to building the essence of a sustainable community, and that the best solutions are created through cooperation by all stakeholders including ourselves.

We further recognize that there are situations where the way our Customers conduct their operations may generate significant environmental and social impact and may pose a risk to the Bank particularly where the Bank provides financing.

We therefore seek to support sustainability with the following principles:

- **Responsible Banking**

We seek to conduct our business in a fair and responsible way by offering our Customers a fair deal in terms of pricing and quality of service for our products. We are dedicated to ensuring financial inclusion in Myanmar and to responsible financing in all our lending activities. We are committed towards an anti-bribery and anti-corruption posture and ensuring the prevention of money-laundering and financial crime.

We also believe in a Saving culture where resources are set aside for a sustainable future for our children.

In the development of products and services, we look to financing more environmentally-friendly green projects and empowering the community to go green.

- **Responsible Corporate Citizenship**

We are committed to making economic contributions to our community through paying our fair share in taxes together with the compulsory deduction of taxes from our employees.

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

We recognize that not all returns stem from financial gains and therefore seek to create social impact by championing our “Be the Change” program. In this program, we will sponsor a number of initiatives that will create social impact in which employees and other members of the community will be able to contribute. Through the program too, we seek to encourage a staff volunteerism movement amongst our employees.

- **Responsible Employer**

People are at the core of UAB and continued investment in our employees is a key priority. We are committed to providing an environment where people can achieve their full potential both professionally and personally.

We engage with our staff in an open, honest and respectful manner and we are committed to providing a workplace that cares about employee safety and promotes their health and well-being. Our workplace programs aim to make us an employer of choice.

We offer a working environment that is respectful, and we see our employees as individuals who deserve opportunities to develop. Helping people work effectively with one another across different geographical locations and ethnicity is a priority, and we achieve this through multicultural project teams.

With regard to Human rights, we respect and promote human rights as described in the United Nations Declaration of Human Rights.

Further, we respect and promote labour standards as described in the International Labour Organization Declaration on Fundamental Principles and Rights at Work and related conventions.

IMPLEMENTATION OVER PERIOD APRIL TO SEPTEMBER 2018

1. Financing Projects

At **uab**, in the conduct of credit approvals and financing, all Credit Committees that conduct a review of the **uab**'s customers and transactions are required to ensure sustainability of projects as a process of approval and review. These are specific areas of concern:

- **Environment**

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

Sustainability

- **Human Rights**

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

- **Labour Standards**

All Customers are expected to respect and promote labour standards as described in the International Labour Organization Declaration on Fundamental Principles and Rights at Work and related conventions. They are expected to do so in their own operations, and to use their influence with their suppliers to do the same. For unavoidable adverse impacts, they are expected to provide for and cooperate in remediation through legitimate processes.

2. Anti-Bribery and Corruption

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

An Anti-bribery and Corruption Policy has been adopted during the period of reporting to reinforce UAB's stance which covers employees, interns, members of the Board of Directors and all vendors and contractors. Together with this a Gift Guideline has been issued to employees to restrict the receipt of any gift for their services in the Bank.

3. "Be the Change" Program

The program which encourages staff volunteerism has over the last one year undertaken the



following campaigns

- Visit and help to two (2) institutions for the blind
- Blood donation campaign
- Christmas gifts for disadvantaged children
- Breakfast for Yangon City Development Council workers
- Lunch for patients and family members at the Yangon General Hospital

4. MOU on green projects

During the reporting period, UAB signed MOUs with two (2) different organizations for support of green projects in:

- Solar energy financing
- Sustainable tourism support

Steps are being taken to expand financing in the above areas.

EXCLUSION LIST

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

- Production, trading and maintenance of weapons and munitions of any kind.
- Trade in or unauthorized catching of wildlife or wildlife products
- Production or trade in any product or activity deemed illegal under Myanmar laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances.
- Hunting marine mammals and shark finning
- Using of dynamite and poison in fishery practices
- Activities involving harmful or exploitative forms of forced labor or harmful child labor.
- Activities involving people smuggling of any kind



At uab, we don't just offer jobs,
We offer CAREERS.



Our People

At **uab**, we pride ourselves for the people we have. They are our most valuable asset for which the Bank pledges to grow and develop; nurturing them to be successful in every stage of their careers growth. For that, our unique talent proposition explains just it. **uab** does not believe in just providing our people with JOBS. It is their CAREERS that matters.

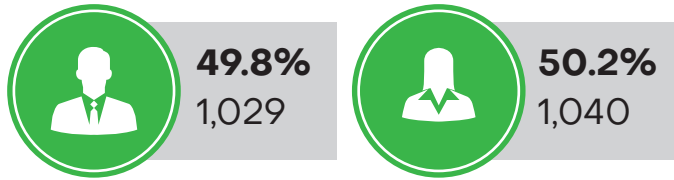
Our Diversity and Inclusion

At **uab**, we are committed to creating a diverse yet inclusive workforce where our people can perform at their optimal level and realize their career potential in a meaningful and rewarding manner. Our diversity values guides us to understand that each individual is unique, and recognizing our individual differences is key to creating a harmonious and productive work place.

Our 2,069 workforce (September 2018) includes people from various nationalities, race, ethnicity, age, physical abilities, socio-economic status, religion, political beliefs, gender, sexual diversity and orientation. Today, we have 9 expatriate colleagues from 4 nationalities and local colleagues of different age groups; all working together in an environment where they are treated fairly and respectfully, have equal access to opportunities and resources, and can contribute fully to achieving the Bank's objectives and success. Such diverse strengths of our people enrich our business competitiveness besides making our people more sensitive and better adjusted to the varied banking needs of our customers.

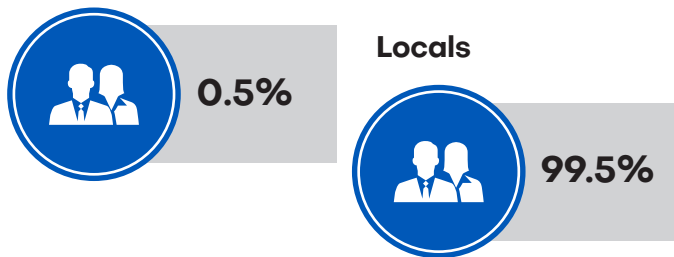
Our people have equal career opportunities in the Bank. From recruitment to every stage of their progression, it is primarily driven by competencies. The Bank puts strict guidance on the practice of diversity and inclusion in our every department's processes and practice.

Our People Profile (as at 30 September 2018)



Expatriates

(Singapore, India, Malaysia, Nepal
(as at 30 September 2018))



We are part of our people in Myanmar to promote the change for a better society and a better Myanmar. Today, **uab** is committed to serving our community and working hand-in-hand with them for growth and progress of the nation. We are driven to;

Connect. Create. Change.

- **Connect.**

We connect people and build relationships to foster a stronger community spirit

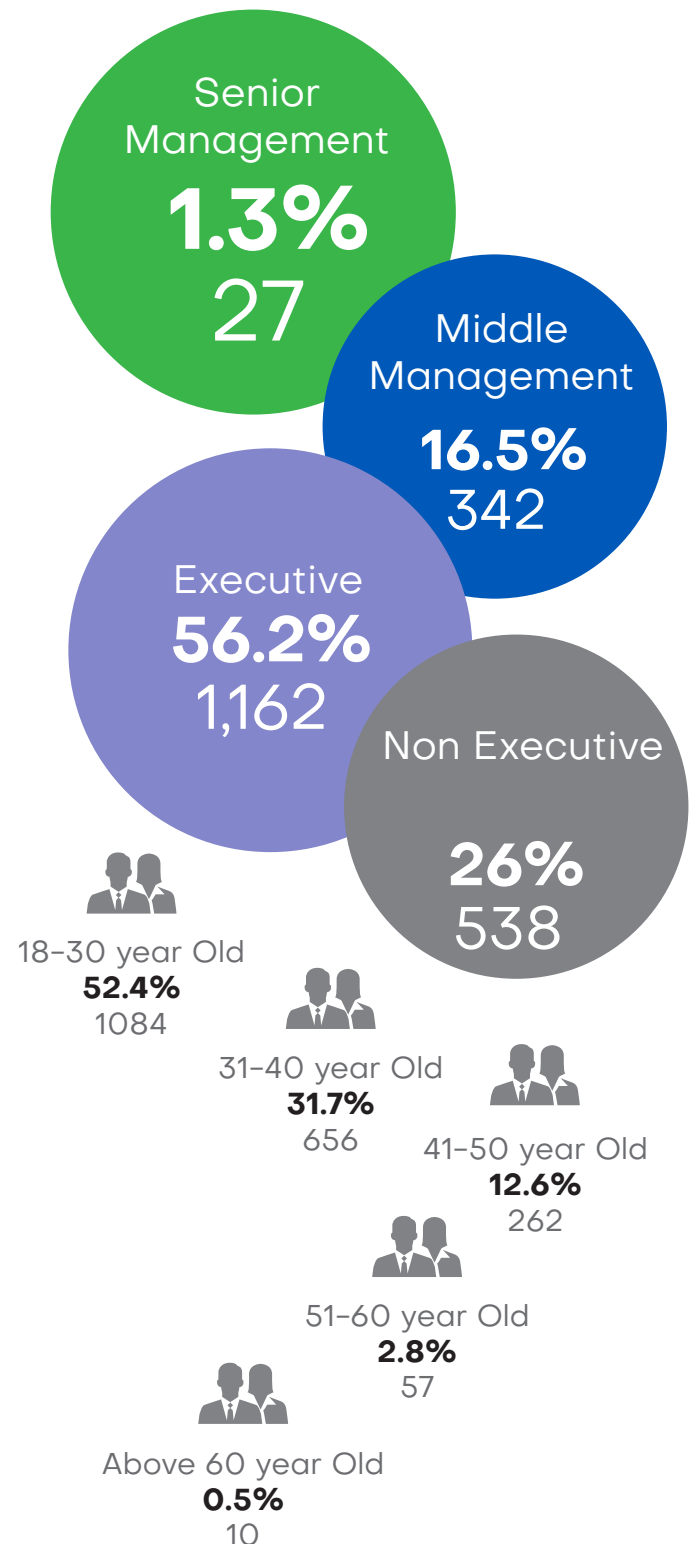
- **Create.**

We create opportunities and a better future for our staffs and our customers

- **Change.**

We are the change that will empower the communities around us, and together enrich the lives of those we touch

Our Diversity



Human Resources

Our Commitment to Community

uab has embarked on its Community Programme which we brand as, 'Be the Change'. Through this, our people are encouraged to engage in community activities that touch the lives of people of Myanmar. We pledge to serve the community in which we operate in.

Although the 'Be the Change' program is still in its infancy, many activities ranging from providing meals for the under privileged to cleaning the environment, blood donations and bringing festive joy to the underprivileged had already been conducted, with our people at the forefront leading these initiatives; entirely based on their volunteerism.

We hope our 'Be the Change' programme able to gain more traction amongst the community. Our aim is to see the community coming together supporting **uab's** 'Be the Change' programme to contribute to the growth and development of the nation.

Our People Engagement

We believe a successful organization is a result of successful engagement of our customers and the community. It must first begin with us engaging our people and creating an alignment and appreciation of the Bank's direction. This involves keeping our people abreast with the progress and achievements of the Bank.



Over the period of 6 months (April to September 2018), **uab** had conducted various people engagement programmes, organized at Head Office level as follows:

- 7 (seven) Tea Sessions with CEO in Yangon involving 87 employees
- 2 (two) Tea Sessions with CEO in Mandalay involving 60 employees
- Staff Town Hall cum staff movie day was conducted in Yangon involving 180 employees
- Staff Town Hall cum staff movie day was conducted in Mandalay involving 140 employees
- Various competitions such best decorated branch/department and best video creation in conjunction to Thingyan and the Bank's anniversary.

At branch and departmental levels, people engagement programmes were also actively organized such as monthly Bank's progress updates, festive and birthday celebrations.

Our People Development

uab is committed to growing and nurturing our people through training and development conversations. Our practical approach to people development is based on the principle of 70 – 20 – 10. A blended learning and development method, this approach extends traditional training into the workplace by capturing the reality of workplace learning.

70% - Learn & Develop Through Experience (Informal)
20% - Learn & Develop Through Other People (Informal)
10% - Learn & Develop Through Structured Courses/ Training (Formal)

Our formal training and development programmes are offered to employees in all levels from Non-Executive to Senior Management.

Over the period of 6 months (April to September 2018), on top and above the informal learning at workplace, **uab** had also conducted formal training / learning classes and workshops to equip our people with relevant knowledge and skills to be successful in their workplace.

- 803 employees attended formal classroom training
- 150 senior and middle management attended formal development conference
- Recorded 8,004 formal training and development man-days
- Recorded average formal training and development man-days per staff of 3.8 days

Our Rewards and Remunerations

uab started its journey on performance-based and values culture and structured performance management system in September 2017. Many roadshows, town halls and conversations were conducted to communicate across the new per-

formance culture to our people, as we transformed from a service-year based culture to performance-based.

Today, we are proud to announce that **uab** has successfully instituted a Performance-based culture with our rewards principle based on performance and values. Our people have embraced the change to this new culture, as evidenced by the sharp productivity growth of the Bank.

uab's rewards and compensation comprises two main components, namely fixed pay and variable pay. Fixed pay refers to the base salary and fixed allowances whilst variable pay refers to rewards such as bonus that is paid out to employees based on the performance of the Bank and the employee's individual performance.

Setting the Right Corporate Culture

An Anti-Bribery and Corruption Policy together with Gift Guidelines and Social Media Guidelines were issued to set the tone for the adoption of the right corporate culture in the Bank.

Further, a Disciplinary Committee made up of senior management members was also set up to handle disciplinary cases involving employees and to ensure the practice of fairness.

Contents



Financial Statements



- Directors Report
- Independent Auditor's Report
- Statement of Financial Positions
- Statement of Comprehensive income
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to the Financial Statements

Directors' Report

The Board of Directors have pleasure in presenting their report together with the audited financial statements of the Bank for the 6-months ended 30 September 2018.

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

	30.09.2018 (MMK'mil)	30.09.2017 (MMK'mil)
Profit Before Tax	7,742	(34)
Taxation	(1,936)	-
Profit After Tax for the Period (Attributable to Equity Holders)	5,807	(34)
Retained Earnings (Brought Forward)	(7,335)	(7,600)
Adjustments;		
· Transferred to General Reserve (Statutory – 25%)	(1,452)	-
· Transferred to General Loan Loss Reserve	(745)	-
· Prior Year Dividend Paid Out	-	-
· Prior Year Adjustments		
Retained Earnings (Carried Forward)	(4,307)	(7,634)

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 increased its issued and paid-up capital by MMK 10 Bil, via issuance of 20,000 shares with MMK 500,000 each.

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:

Ne Aung	(Non-Executive Chairman)
Khin Moe Nyunt	(Non-Executive Director)
Than Win Swe	(Non-Executive Director)
Sein Win	(Non-Executive Independent Director)
Thant Zin	(Non-Executive Director)
Hnin Hnin Aung	(Non-Executive Director)
Christopher Loh	(MD/CEO)

Directors' Interest

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

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

Business Outlook

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

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

Other Statutory Information

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

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

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

- the amount of the allowances for doubtful debts in the financial statements of the Bank inadequate to any substantial extent; and

Directors' Report

- 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 six (6) 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.

Auditors

The auditors, V Advisory Limited, have expressed their willingness to continue in office.

On behalf of the Board of Directors in accordance with a resolution of the Directors dated 28 December 2018.

Than Win Swe
Director

Sein Win
Director

Christopher Loh
Chief Executive Officer

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT To the Members of United Amara 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 United Amara Bank Limited (The Bank), which comprise the statement of financial position as at 30th September 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period six-month period ended 30th September 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the bank give a true and fair view of the financial position of the Bank as at 30th September 2018, and its performance and its cash flows for the six-month period then ended, in accordance with Myanmar Financial Reporting Standards (MFRSs).

The accompanying financial statement of the bank for the period ended 30th September 2017, were compiled by us. A compilation is limited to presenting in the form of financial statement information that is the representation of management. We have not audited or reviewed the financial statements for the period ended and as at 30th September 2017 and, accordingly, do not express an opinion or any other form of assurance on them.

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

Key audit matters

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

Other information

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

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

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

Independent Auditor's Report

due to fraud or error.

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

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.

Date: 28 December 2018
Yangon, Myanmar

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

Consolidated Statement of Financial Positions as at 30 September 2018

Notes	The Group*		The Bank		
	2018 (6 M) MMK'000	2017 (6 M) MMK'000	2018 (6 M) MMK'000	2017 (6 M) MMK'000	
Assets					
Cash & cash equivalents	8	159,534,187	214,082,340	158,337,352	212,171,197
Loan and advances	9	663,064,873	567,930,985	651,064,873	555,930,985
Investment securities	10	147,300,000	101,630,000	151,664,000	107,494,000
Property, plant & equipment	11	51,771,067	42,724,986	51,759,493	42,680,472
Intangible asset	12	1,144,302	1,517,411	790,661	1,157,476
Other assets	13	34,262,907	17,242,120	33,592,594	16,761,029
Total Assets		1,057,077,335	945,127,844	1,047,208,972	936,195,158
Liabilities					
Deposits from customers	14	914,674,470	863,772,456	914,674,470	863,772,456
Borrowings	15	39,825,500	6,800,000	39,825,500	6,800,000
Other liabilities	16	27,600,550	16,339,746	27,183,468	16,302,032
Total Liabilities		982,100,520	886,912,202	981,683,438	886,874,488
Equity					
Share capital	17	54,000,000	44,000,000	54,000,000	44,000,000
Reserves	18	15,832,590	12,955,135	15,832,590	12,955,135
Retained earnings		(4,183,802)	(7,728,691)	(4,307,056)	(7,634,465)
Equity Attributable to Shareholders of the Bank		65,648,788	49,226,443	65,525,534	49,320,669
Non-controlling Interest	30	9,328,028	8,989,198	-	-
Total Equity		74,976,816	58,215,641	65,525,534	49,320,669
Total Equity and Liabilities		1,057,077,335	945,127,844	1,047,208,972	936,195,158
Off-Balance Sheet					
Performance Guarantee	19	34,021,966	24,427,371	34,021,966	24,427,371
Contingent liabilities		56,096,631	30,591,761	56,096,631	30,591,761
Commitment		64,186,284	56,508,668	64,186,284	56,508,668

*2017 and 2018 Group numbers are unaudited and prepared solely for comparison purposes only.

See accompanying notes to the financial statements

Authenticated by Directors on 28 December 2018

Than Win Swe
Director

Sein Win
Director

Christopher Loh
Chief Executive Officer

Htun Htun Oo
Finance Director

Consolidated Statement of Comprehensive Income for the Period Ended 30 September 2018

	Notes	The Group*		The Bank	
		2018 (6 M) MMK'000	2017 (6 M) MMK'000	2018 (6 M) MMK'000	2017 (6 M) MMK'000
Interest income	20	47,703,372	41,200,559	46,919,881	40,461,993
Interest expense	21	(34,454,894)	(32,637,145)	(34,454,894)	(32,637,145)
Net interest income		13,248,478	8,563,414	12,464,988	7,824,847
Fee and commission income	22	3,254,201	2,708,715	3,235,677	2,705,799
Other income	23	3,345,998	941,229	3,345,998	941,229
Income before operating expenses		19,848,676	12,213,358	19,046,663	11,471,875
General and administrative expenses	24	(1,799,393)	(2,090,708)	(1,652,273)	(1,888,891)
Personnel expenses	25	(7,468,576)	(7,179,887)	(7,401,525)	(6,855,046)
Operating lease expenses	26	(778,605)	(845,554)	(772,027)	(822,656)
Depreciation & amortization		(1,228,718)	(1,397,692)	(1,122,608)	(1,338,618)
Other expenses	27	(355,734)	(600,782)	(355,734)	(600,782)
Total expenses		(11,631,027)	(12,114,624)	(11,304,168)	(11,505,993)
Profit before tax		8,217,650	98,734	7,742,495	(34,118)
Taxation	28	(2,054,412)	(33,213)	(1,935,624)	-
Net Profit After tax		6,163,237	65,521	5,806,871	(34,118)
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income for the Period		6,163,237	65,521	5,806,871	(34,118)
		-	-	-	-
Profit for the year attributable to:					
- Shareholders of the bank		5,946,187	4,834	5,806,871	(34,118)
- Non-controlling Interest		217,051	60,687	-	-
		6,163,237	65,521	5,806,871	(34,118)

*2017 and 2018 Group numbers are unaudited and prepared solely for comparison purposes only.

Than Win Swe
Director

Sein Win
Director

Christopher Loh
Chief Executive Officer

Htun Htun Oo
Finance Director

Consolidated Statement of Changes in Equity for the Period Ended 30 September 2018

The Group*

	Share Capital	Reserves	Dividend	Retained Earnings	Total
Balance at 1 April 2017	44,000,000	12,955,135	-	(7,600,347)	49,354,787
Issued shares	-	-	-	-	-
Total comprehensive income for the period	-	-	-	4,834	4,834
Transfer to Reserves	-	-	-	-	-
Prior year adjustment	-	-	-	(133,178)	(133,178)
Dividends	-	-	-	-	-
Balance at 30 September 2017	44,000,000	12,955,135	-	(7,728,691)	49,226,443
Balance at 1 April 2018	44,000,000	13,636,022	-	(7,335,191)	50,300,831
Issued shares	10,000,000	-	-	-	10,000,000
Total comprehensive income for the period	-	-	-	5,946,187	5,946,187
Transfer to Reserves	-	2,196,568	-	(2,196,568)	-
Prior year adjustment	-	-	-	(598,230)	(598,230)
Dividends	-	-	-	-	-
Balance at 30 September 2018	54,000,000	15,832,590	-	(4,183,802)	65,648,788

*2017 and 2018 Group numbers are unaudited and prepared solely for comparison purposes only.

The Bank

	Share Capital	Reserves	Dividend	Retained Earnings	Total
Balance at 1 April 2017	44,000,000	12,955,135	-	(7,600,347)	49,354,787
Issued shares	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(34,118)	(34,118)
Transfer to Reserves	-	-	-	-	-
Prior year adjustment	-	-	-	-	-
Dividends	-	-	-	-	-
Balance at 30 September 2017	44,000,000	12,955,135	-	(7,634,465)	49,320,669
Balance at 1 April 2018	44,000,000	13,636,022	-	(7,335,191)	50,300,831
Issued shares	10,000,000	-	-	-	10,000,000
Total comprehensive income for the period	-	-	-	5,806,871	5,806,871
Transfer to Reserves	-	2,196,568	-	(2,196,568)	-
Prior year adjustment	-	-	-	(582,169)	(582,169)
Dividends	-	-	-	-	-
Balance at 30 September 2018	54,000,000	15,832,590	-	(4,307,056)	65,525,534

Than Win Swe
Director

Sein Win
Director

Christopher Loh
Chief Executive Officer

Htun Htun Oo
Finance Director

Consolidated Statement of Cash Flow for the Period Ended 30 September 2018

	The Group*		The Bank	
	2018 (6 M)	2017 (6 M)	2018 (6 M)	2017 (6 M)
	MMK'000	MMK'000	MMK'000	MMK'000
Cashflows from Operating Activities				
Profit Before Tax	8,217,650	98,734	7,742,495	(34,118)
Adjustment				
Prior year adjustment	(582,169)	-	(582,169)	-
-Depreciation & amortization expense	1,228,718	1,397,692	1,122,608	1,338,618
-Impairment on loan	257,902	-	257,902	-
Changes in				
-Loan and advances	(34,980,440)	(25,096,832)	(34,980,440)	(25,096,832)
-Other assets	(19,133,540)	(2,210,409)	(19,046,145)	(2,270,695)
-Deposit from customers	(6,318,341)	81,937,560	(6,318,341)	81,937,560
-Other liabilities	(10,899,586)	(10,132)	(11,063,895)	56,927
	(62,209,806)	56,116,613	(62,867,984)	55,931,460
Income tax paid	-	-	-	-
Net cash from (used in) operating activities	(62,209,806)	56,116,613	(62,867,984)	55,931,460
Cashflows from investing activities				
Acquisition of property, plant & equipment	(641,977)	(1,169,346)	(641,977)	(861,721)
Purchase of government T bond	(50,670,000)	(15,000,000)	(49,170,000)	(15,000,000)
Net cash used in investing activities	(51,311,977)	(16,169,346)	(49,811,977)	(15,861,721)
Cashflows from financing activities				
Issue of Share Capital	10,000,000	-	10,000,000	-
Borrowings /Repayment of loan	35,156,500	(15,000)	35,156,500	(15,000)
Net cash from financing activities	45,156,500	(15,000)	45,156,500	(15,000)
Net increase/(decrease) in cash and cash equivalent	(68,365,283)	39,932,267	(67,523,461)	40,054,738
Cash and cash equivalents at beginning of the year	227,899,470	174,150,073	225,860,813	172,116,458
Cash and cash equivalents at end of the year	159,534,187	214,082,340	158,337,352	212,171,197

*2017 and 2018 Group numbers are unaudited and prepared solely for comparison purposes only.

Than Win Swe
Director

Sein Win
Director

Christopher Loh
Chief Executive Officer

Htun Htun Oo
Finance Director

Notes to the Financial Statements for the Period Ended 30 September 2018

1 General

United Amara Bank Limited (the Bank) is a Private Bank Limited incorporated and domiciled in Myanmar and has its registered office at Bank Development Zone, No.3, Corner of Kyaing Tone Road and Mawlamying Road, Oaktaya Thiri Township, Nay Pyi Taw. The Directorate of Investment and Company Administration (DICA) has issued incorporation certificate to United Amara Bank Limited on 14 June 2010 as per Registration No.390/2010-2011 under The Myanmar Companies Act. The Bank has renewed its incorporation certificate on 25 May 2015 valid five years through 13 June 2020. The Bank was permitted to carry out banking business under 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 Authorized 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 Seventy Seven (77) branches in total in wide spread locations in Myanmar.

2 Summary of Significant Accounting Policies

2.1 Accounting Period

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

2.2 Opening Balances

Opening Balances as at 1 April 2018 are carried forward from the financial statements for the year ended 31 March 2018, audited by Win Thin & Associates (Certified Public Accountants).

2.3 Basis of Accounting

The accompanying financial statements have been prepared in accordance with Myanmar Financial Reporting Standards (MFRS) and instructions and guidance provided by the Central Bank of Myanmar. They are prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date,

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

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

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

2.4 Financial Assets

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

2.4.1 Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, 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 period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected, and an impairment loss recognised.

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

(i) Performing Loans

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

(ii) Non-performing Loans

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

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

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

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.4.4 Derecognition of Financial Assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Bank neither trans-

fers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

2.5 Financial Liabilities

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

2.5.1 Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method.

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

2.5.2 Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

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

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

2.5.3 Derecognition of Financial Liabilities

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

2.6 Financial Instruments

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

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

2.7 Property, Plant and Equipment

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

Freehold land is not depreciated.

Buildings, fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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

· Buildings	40 years
· Leasehold improvements	Over period of lease
· Office machine and other equipment	10 years
· Furniture, fixtures and fittings	20 years
· Electrical equipment and computer accessories	5 years
· Motor vehicles	8 years

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

2.8 Intangible Assets

Intangible assets are identifiable non-monetary assets such as software 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 asset with an indefinite useful life are tested for impairment annually. All intangible assets must be tested for impairment when there is an indication that its carrying amount may be greater than its recoverable amount. Intangible assets with finite useful life are amortised on straight line basis over their estimated useful life and charged to income statement.

2.9 Cash and Cash Equivalent

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

2.10 Impairment of Tangible and Intangible Assets other than Goodwill

At the end of each reporting period, the Bank reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, cor-

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

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

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

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

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

2.11 Provisions

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

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

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

2.12 Taxation

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

2.12.1 Current tax

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

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

2.12.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.12.3 Current and Deferred Tax for the Period

Current and deferred tax are recognised in profit or loss, except when they relate to

items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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

2.13 Capital and Equity Instruments

2.13.1 Classification as Debt or Equity

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

2.13.2 Equity Instruments

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

2.14 Revenue Recognition

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

2.14.1 Interest Income and Expense

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments " at fair value through profit or loss".

2.14.2 Fees and Commission Income

Fee income is earned from a diverse range of services provided by the Bank to its cus-

tomers. Fee income is accounted for as follows:

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

2.15 Leases

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

2.15.1 The Bank as lessee

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

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

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

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

2.16 Foreign Currency Translations

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

change prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

3 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

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

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

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, management exercises judgment on whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the loan before the decrease can be identified within an individual loan.

3.2.2 Useful Life of Property, Plant and Equipment

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

4 Financial Instruments

4.1 Categories of Financial Instruments

	The Group		The Bank	
	2018 (6 M)	2017 (6 M)	2018 (6 M)	2017 (6 M)
Loans & receivables	810,364,873	669,560,985	802,728,873	663,424,985
Financial liabilities	954,499,970	870,572,456	954,499,970	870,572,456

4.2 Fair Value of Financial Assets and Liabilities

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

As at the end of each reporting period, the Bank did not hold any financial instruments which are measured at fair value on a recurring basis.

5 Financial Risk Management

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

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

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

5.1 Credit Risk

Credit Risk is considered to be the risk of loss due to inability or unwillingness of the counterparty to fulfill its payment obligations to the Bank. Management has a credit policy in place. The Bank generally holds, full collateral against the credit facilities granted and the right to 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 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 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 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 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.

	The Group		The Bank	
	2018 (6 M)	2017 (6 M)	2018 (6 M)	2017 (6 M)
	MMK'000	MMK'000	MMK'000	MMK'000
Cash and cash equipments	159,534,187	214,082,340	158,337,352	212,171,197
Loan and advances	663,064,873	567,930,985	651,064,873	555,930,985
Investment securities	147,300,000	101,630,000	151,664,000	107,494,000
Other assets	34,262,907	17,242,120	33,592,594	16,761,029
	1,004,161,966	900,885,446	994,658,818	892,357,210
Off-Balance Sheet				
Performance Guarantee	8,143,988	21,512,024	8,143,988	21,512,024
Contingent liabilities	48,866,877	25,824,353	48,866,877	25,824,353
Undrawn loan commitments	64,186,284	56,508,668	64,186,284	56,508,668
	121,197,148	103,845,045	121,197,148	103,845,045
Total maximum exposure to credit risk	1,125,359,115	1,004,730,490	1,115,855,967	996,202,255

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 machines
- Mortgages over residential properties
- Pledge
- Guarantees

5.1.2 Credit Risk by Industry

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

	The Group		The Bank	
	2018 (6 M)	2017 (6 M)	2018 (6 M)	2017 (6 M)
	MMK'000	MMK'000	MMK'000	MMK'000
Agricultural	438,942	1,046,721	438,942	1,046,721
Live Stock	1,160,652	1,454,221	1,160,652	1,454,222
Manufacturing	61,308,779	59,886,775	61,308,779	59,886,775
Trading	265,500,964	259,713,334	265,500,964	259,713,334
Transportation	2,785,819	4,520,601	2,785,819	4,520,601
Construction	166,871,600	142,441,565	166,871,600	142,441,565
Service	114,518,772	76,098,207	102,518,772	64,098,207
Housing Loan	1,620,424	-	1,620,424	-
Pledge	4,886,760	9,301,547	4,886,760	9,301,547
Hire Purchase	3,324,048	1,255,974	3,324,048	1,255,974
Staff Loan	972,339	7,267,217	972,339	7,267,217
General	13,008,862	1,576,693	13,008,862	1,576,693
Loans to Other banks	25,135,000	3,368,130	25,135,000	3,368,130
Credit Cards	1,531,913	-	1,531,913	-
Total	663,064,873	567,930,985	651,064,873	555,930,985

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.

Non-Performing Loans

In accordance with CBM Notification No. 17/2017 *Asset Classification and Provisioning Regulations*, "non-performing" refers to any loan or advance that is no longer generating income or which is classified as doubtful or loss. In determining if a loan is non-performing, management also considers several factors such as expected future cash flows, financial ability of the borrower to meet its obligations, and business and economic conditions.

Specific Provisions – the Bank makes specific provision for impairment of loans and advances and other assets on and off balance sheet in accordance with CBM Notification 17/2017 *Asset Classification and Provisioning Regulations* issued on July 7, 2017 and effective 6 months from the date of issuance.

Interest in Suspense – Once a loan or advance is classified as "doubtful" or "loss", any interest due and not paid will be reversed out from interest income and not recognised to profit.

The below table sets out the classification of loans and advances in accordance with CBM Notification No. 17/2017:

The Bank

CBM's notification no. 17/2017			2018 (6 M)			2017 (6 M)		
			MMK'000			MMK'000		
Classification of loans & advances	Days past due	Provision on short-falls in security value	NPL * loans & advances	Interest in suspense	Valuation of security	NPL * loans & advances	Interest in suspense	Valuation of security
Standard	30	0%	615,011,852	-	835,195,310	554,146,047	-	971,486,610
Watch	31-60	5%	140,270	-	1,779,370	-	-	-
Substandard	61-90	25%	1,916,976	-	3,111,060	293,165	-	320,160
Doubtful	91-180	50%	3,601,203	121,274	5,785,550	10,060,365	927,534	16,647,955
Loss	over 180	100%	30,394,572	4,565,658	103,992,080	1,431,408	564,123	2,579,421
			651,064,873	4,686,932	949,863,370	555,930,985	1,491,658	991,034,146
Total NPL %			=	4.83%	=	4.65%		

The Bank

	2018 (6 M)		2017 (6 M)	
	MMK'000		MMK'000	
	Loans & advances	Investment securities	Loans & advances	Investment securities
Neither past due nor impaired	615,011,852	151,664,000	544,146,047	107,494,000
Past due but not impaired	2,057,246	-	293,165	-
Individually past due and impaired	33,995,775	-	11,491,773	-
	651,064,873	151,664,000	555,930,985	107,494,000

5.2 Liquidity Risk

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

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

The objective of 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

The management of liquidity risk is centralised in the Treasury Department who reports to the Management and Assets/Liability Committee ("ALCO"). ALCO meeting is held on monthly basis to oversee liquidity risk management of the Bank and is supplemented by a "Liquidity Meeting" which is held weekly in addition to any meetings called by the Executive Management on need to basis. The Bank has in place Business Contingency Plan ("BCP") which include disasters situation facing by the Bank. The BCP covers operational steps and procedure of how to handle money transactions during disaster situation, meeting all contingencies arising not only from the ordinary course of business but also on liquidity crisis situation.

As part of its liquidity risk management framework set by the management and the regulatory requirements stipulated by the local authority, the Bank is required to maintain adequate liquid assets to manage its short-term liquidity. Such liquid assets include investments in government securities, borrowings with Central Bank of Myanmar and holding cash reserves. This is to ensure full cash inflows are available to meet customer withdrawals upon maturity.

	The Group		The Bank	
	2018 (6 M)	2017 (6 M)	2018 (6M)	2017 (6 M)
	MMK'000	MMK'000	MMK'000	MMK'000
Liquidity ratio	23.61%	24.22%	22.3%	22.77%

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.

5.2.1 Maturity Analysis

The Group

(MMK'000)	On demand or less than 3 months	3 to 12 months	Over one year	No specific Maturity	Total
2018					
Assets					
Cash and cash equivalents	32,594,943	5,365,959	-	121,573,285	159,534,187
Loan and advances	195,407,844	296,553,006	171,104,023	-	663,064,873
Other assets	29,336,364	125,807,351	32,283,192	-	187,426,907
	257,339,150	427,726,316	203,387,215	121,573,285	1,010,025,966
Liabilities					
Deposit from banks	123,703	12,981	626,913	3,163,748	3,927,345
Deposit from customers	347,063,357	147,542,751	359,517,398	56,623,619	910,747,125
Other liabilities	62,620,330	-	4,686,932	-	67,307,261
	409,807,390	147,555,732	364,831,243	59,787,367	981,981,731
On-Balance Sheet					
Liquidity Gap	(152,468,239)	280,170,584	(161,444,028)	61,785,919	28,044,235
Off-balance sheet					
Performance Guarantee	2,994,172	-	5,149,816	-	8,143,988
Contingent liabilities	34,744,347	-	14,122,530	-	48,866,877
Commitments	-	-	-	64,186,284	64,186,284
Off-balance sheet					
Liquidity Gap	37,738,519	-	19,272,346	64,186,284	121,197,148
Net Liquidity Gap	(190,206,758)	280,170,584	(180,716,374)	(2,400,365)	(93,152,913)

(MMK'000)	On demand or less than 3 months	3 to 12 months	Over one year	No specific Maturity	Total
2017					
Assets					
Cash and cash equivalents	53,797,146	5,000,000	-	155,285,195	214,082,340
Loan and advances	246,735,843	265,859,447	55,335,695	-	567,930,985
Other assets	14,347,897	25,865,287	84,522,937	-	124,736,120
	314,880,886	296,724,734	139,858,632	155,285,195	906,749,446
Liabilities					
Deposit from banks	14,223,571	4,372,301	8,321,125	5,281,815	32,198,812
Deposit from customers	277,832,445	173,493,433	325,532,100	54,715,667	831,573,644
Other liabilities	21,614,875	-	1,491,658	-	23,106,533
	313,670,891	177,865,734	335,344,882	59,997,482	886,878,989
On-Balance Sheet					
Liquidity Gap	1,209,995	118,859,000	(195,486,251)	95,287,712	19,870,456
Off-balance sheet					
Performance Guarantee	21,512,024	-	-	-	21,512,024
Contingent liabilities	25,824,353	-	-	-	25,824,353
Commitments	-	-	-	56,508,668	56,508,668
Off-balance sheet					
Liquidity Gap	47,336,377	-	-	56,508,668	103,845,045
Net Liquidity Gap	(46,126,382)	118,859,000	(195,486,251)	38,779,045	(83,974,588)

The Bank

(MMK'000)	On demand or less than 3 months	3 to 12 months	Over one year	No specific Maturity	Total
2018					
Assets					
Cash and cash equivalents	32,594,943	5,365,959	-	120,376,450	158,337,352
Loan and advances	195,407,844	290,553,006	165,104,023	-	651,064,873
Other assets	29,336,364	125,807,351	30,112,879	-	185,256,594
	257,339,150	421,726,316	195,216,902	120,376,450	994,658,818
Liabilities					
Deposit from banks	123,703	12,981	626,913	3,163,748	3,927,345
Deposit from customers	347,063,357	147,542,751	359,517,398	56,623,619	910,747,125
Other liabilities	62,322,037	-	4,686,932	-	67,008,968
	409,509,097	147,555,732	364,831,243	59,787,367	981,683,438
On-Balance Sheet					
Liquidity Gap	(152,169,946)	274,170,584	(169,614,341)	60,589,083	12,975,380
Off-balance sheet					
Performance Guarantee	2,994,172	-	5,149,816	-	8,143,988
Contingent liabilities	34,744,347	-	14,122,530	-	48,866,877
Commitments	-	-	-	64,186,284	64,186,284
Off-balance sheet					
Liquidity Gap	37,738,519	-	19,272,346	64,186,284	121,197,148
Net Liquidity Gap	(189,908,465)	274,170,584	(188,886,686)	(3,597,200)	(108,221,768)

(MMK'000)	On demand or less than 3 months	3 to 12 months	Over one year	No specific Maturity	Total
2017					
Assets					
Cash and cash equivalents	51,886,002	5,000,000	-	155,285,195	212,171,197
Loan and advances	246,735,843	265,859,447	43,335,695	-	555,930,985
Other assets	13,866,805	25,865,287	84,522,937	-	124,255,029
	312,488,650	296,724,734	127,858,632	155,285,195	892,357,210
Liabilities					
Deposit from banks	14,223,571	4,372,301	8,321,125	5,281,815	32,198,812
Deposit from customers	277,832,445	173,493,433	325,532,100	54,715,667	831,573,644
Other liabilities	21,610,374	-	1,491,658	-	23,102,032
	313,666,390	177,865,734	335,344,882	59,997,482	886,874,488
On-Balance Sheet					
Liquidity Gap	(1,177,740)	118,859,000	(207,486,251)	95,287,712	5,482,722
Off-balance sheet					
Performance Guarantee	21,512,024	-	-	-	21,512,024
Contingent liabilities	25,824,353	-	-	-	25,824,353
Commitments	-	-	-	56,508,668	56,508,668
Off-balance sheet					
Liquidity Gap	47,336,377	-	-	56,508,668	103,845,045
Net Liquidity Gap	(48,514,117)	118,859,000	(207,486,251)	38,779,045	(98,362,322)

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 30th September 2018, the interest rates on loans are subject to the following maximum caps:

· Loans and advances:	13%
· Overdraft:	13%
· Hire purchase	13%
· Staff loan	9.25%
· Credit Card	13%+13% (normal interest 13% + risk premium 13%)

As at 30th September 2018, the interest rates on deposits are subject to the following minimums:

· Saving deposits:	8.25% – 8.6%
· Fixed deposits:	
· thirty days	8.50%
· three months	8.75%
· six months	9%
· nine months	9%
· one year	9%
· Interest rate on called deposit:	6%

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

5.3 Interest Rate Risk

The Group

(MMK'000)	Within 3 months	3 months to 12 months	Over One year	Non-interest bearing	Total
2018					
ASSETS					
Cash and cash equivalents	32,594,943	5,365,959	-	120,376,450	158,337,352
Loans and advances	195,407,844	290,553,006	177,104,023	-	663,064,873
Other assets	20,205,354	125,934,959	6,194,000	-	152,334,313
	248,208,140	421,853,924	183,298,023	120,376,450	973,736,537
LIABILITIES					
Deposit from banks	123,703	12,981	626,913	3,163,748	3,927,345
Deposit from customers	347,063,357	147,542,751	359,517,398	56,623,619	910,747,125
Other liabilities (Borrowing)	40,123,793	-	-	-	40,123,793
	387,310,853	147,555,732	360,144,311	59,787,367	954,798,263
NET INTEREST RATE GAP	(139,102,712)	274,298,192	(176,846,288)	60,589,083	18,938,275
2017					
ASSETS					
Cash and cash equivalents	53,797,146	5,000,000	-	155,285,195	214,082,340
Loans and advances	246,735,843	265,859,447	55,335,695	-	567,930,985
Other assets	5,000,000	25,000,000	77,494,000	-	107,494,000
	305,532,988	295,859,447	132,829,695	155,285,195	889,507,325
LIABILITIES					
Deposit from banks	14,223,571	4,372,301	8,321,125	5,281,815	32,198,812
Deposit from customers	277,832,445	173,493,433	325,532,100	54,715,667	831,573,644
Other liabilities (Borrowing)	6,800,000	-	-	-	6,800,000
	298,856,016	177,865,734	333,853,225	59,997,482	870,572,456
NET INTEREST RATE GAP	6,676,973	117,993,714	(201,023,530)	95,287,712	18,934,869

The Bank

(MMK'000)

2018
ASSETS

	Within 3 months	3 months to 12 months	Over One year	Non-interest bearing	Total
Cash and cash equivalents	32,594,943	5,365,959	-	120,376,450	158,337,352
Loans and advances	195,407,844	290,553,006	165,104,023	-	651,064,873
Other assets	20,000,000	125,470,000	6,194,000	-	151,664,000
	248,002,787	421,388,965	171,298,023	120,376,450	961,066,225

LIABILITIES

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

NET INTEREST RATE GAP

	(139,009,774)	273,833,233	(188,846,288)	60,589,083	6,566,255
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(MMK'000)

2017
ASSETS

	Within 3 months	3 months to 12 months	Over One year	Non-interest bearing	Total
Cash and cash equivalents	51,886,002	5,000,000	-	155,285,195	212,171,197
Loans and advances	246,735,843	265,859,447	43,335,695	-	555,930,985
Other assets	5,000,000	25,000,000	77,494,000	-	107,494,000
	303,621,845	295,859,447	120,829,695	155,285,195	875,596,182

LIABILITIES

Deposit from banks	14,223,571	4,372,301	8,321,125	5,281,815	32,198,812
Deposit from customers	277,832,445	173,493,433	325,532,100	54,715,667	831,573,644
Other liabilities (Borrowing)	6,800,000	-	-	-	6,800,000
	298,856,016	177,865,734	333,853,225	59,997,482	870,572,456

NET INTEREST RATE GAP

	4,765,829	117,993,714	(213,023,530)	95,287,712	5,023,726
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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 six-month period, the Bank has increased its paid-up capital by MMK 10 billion with the approval of Central Bank of Myanmar.

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

	The Group		The Bank	
	2018 (6 M)	2017 (6 M)	2018 (6 M)	2018 (6 M)
	MMK'000	MMK'000	MMK'000	MMK'000
Authorized Capital	75,000,000	75,000,000	75,000,000	75,000,000
Paid-up capital (Share each @ MMK 500,000)	54,000,000	44,000,000	54,000,000	44,000,000
Capital Adequacy Ratio (%)	9.77%	6.23%	7.86%	6.23%

The Bank does not meet the minimum capital adequacy ratio requirement 8% set by Central Bank of Myanmar (CBM) at the bank level, however the Bank meet at Group level. (Regulatory CAR 8.01%, as at 30th November 2018 in bank level)

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 period they served:

	The Group		The Bank	
	2018 (6 M)	2017 (6 M)	2018 (6 M)	2018 (6 M)
	MMK'000	MMK'000	MMK'000	MMK'000
Director expenses	6,000	12,000	6,000	12,000
Short term employee benefits	7,464,291	7,119,612	7,397,240	6,794,771
	7,470,291	7,131,612	7,403,240	6,806,771

8 Cash & Cash Equivalents

	The Group		The Bank	
	2018 (6 M) MMK'000	2017 (6 M) MMK'000	2018 (6 M) MMK'000	2017 (6 M) MMK'000
Cash and balance with CBM	58,668,971	71,922,660	58,668,971	71,922,660
Cash and balance with other banks	61,317,602	75,687,289	60,121,260	73,776,549
Cash in hand	39,547,614	66,472,391	39,547,121	66,471,987
	159,534,187	214,082,340	158,337,352	212,171,197

9 Loans and Advances

	The Group		The Bank	
	2018 (6 M) MMK'000	2017 (6 M) MMK'000	2018 (6 M) MMK'000	2017 (6 M) MMK'000
Credit Card	1,537,919	-	1,537,919	-
Hire Purchase	3,324,048	7,267,217	3,324,048	7,267,217
Loan	264,025,424	120,364,113	252,025,424	108,364,113
loans and advances to banks	25,135,000	3,368,130	25,135,000	3,368,130
Overdraft	368,322,216	435,354,832	368,322,216	435,354,832
Staff loan	978,168	1,576,693	978,168	1,576,693
Total loans & advances	663,322,775	567,930,985	651,322,775	555,930,985
Provision for bad & doubtful debt (SP)	257,902	-	257,902	-
Net loans & advances	663,064,873	567,930,985	651,064,873	555,930,985

10 Investment Securities

	The Group		The Bank	
	2018 (6 M) MMK'000	2017 (6 M) MMK'000	2018 (6 M) MMK'000	2017 (6 M) MMK'000
Held to maturity				
Investment in Government Securities (Treasury bonds)	146,970,000	96,300,000	145,470,000	96,300,000
Investment in Government Securities (Treasury bills)	-	5,000,000	-	5,000,000
Available-for-sales securities				
- Investment in Myanmar Credit Bureau	130,000	130,000	130,000	130,000
- Investment in Myanmar Payment Union	200,000	200,000	200,000	200,000
- Investment in UAB Securities	-	-	5,864,000	5,864,000
	147,300,000	101,630,000	151,664,000	107,494,000

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

11 Property, Plant & Equipment

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

12 Intangible Assets

	The Group		The Bank	
	2018 (6 M) MMK'000	2017 (6 M) MMK'000M	2018 (6 M) MK'000	2017 (6 M) MMK'000
Opening Balance	1,746,095	1,414,036	1,290,679	1,307,796
Acquisition	276,036	423,249	276,036	118,599
Transfer/ adjustment(752,677)	(54,240)	(752,677)	(54,240)
Amortized	(125,152)	(265,634)	(23,377)	(214,679)
Closing Balance	1,144,302	1,517,411	790,661	1,157,476

13 Other Asset

	The Group		The Bank	
	2018 (6 M) MMK'000	2017 (6 M) MMK'000M	2018 (6 M) MK'000	2017 (6 M) MMK'000
Advanced tax	272,989	431,100	157,489	431,100
Advances	707,688	1,258,375	707,688	1,258,375
Claims A/C	2,171,668	556,906	2,171,668	556,906
Deposit	345,990	317,451	243,990	211,643
IBS	710,533	1,366,500	710,533	1,366,500
Miscellaneous	70,285	1,278,262	15,118	1,277,361
Suspense A/C for Cards	40	167	40	167
Prepaid Rental Expenses	21,599,082	6,423,714	21,595,794	6,412,290
Prepaid (Other)	91,462	392,895	91,462	392,895
Receivable On Visa	75,601	119,795	75,601	119,795
Receivable On CUP	-	12,610	-	12,610
Receivable On JCB	1,203	357	1,203	357
Receivable On Master	19,090	8,781	19,090	8,781
Inventories	325,360	348,716	325,360	348,716
Internal remittance	505,154	223,124	505,154	223,124
Accrued Income	7,365,362	4,476,564	6,971,004	4,113,605
Preliminary expenses	-	26,803	-	26,803
Debit note Receivable	1,400	-	1,400	-
	34,262,907	17,242,120	33,592,594	16,761,029

14 Deposit

	The Group		The Bank	
	2018 (6 M)	2017 (6 M)	2018 (6 M)	2017 (6 M)
	MMK'000	MMK'000	MMK'000	MMK'000
Call deposit	19,313,815	39,630,747	19,313,815	39,630,747
Current Deposit	59,787,367	59,997,482	59,787,367	59,997,482
Fixed Deposit	408,881,962	382,072,151	408,881,962	382,072,151
Saving Deposit	426,691,327	382,072,076	426,691,327	382,072,076
	914,674,470	863,772,456	914,674,470	863,772,456

15 Borrowings

	The Group		The Bank	
	2018 (6 M)	2017 (6 M)	2018 (6 M)	2017 (6 M)
	MMK'000	MMK'000	MMK'000	MMK'000
Borrowing From CBM (SWAP)	4,690,500	-	4,690,500	-
Borrowings in Foreign Currencies	15,635,000	6,800,000	15,635,000	6,800,000
Borrowing from Private Banks	19,500,000	-	19,500,000	-
	39,825,500	6,800,000	39,825,500	6,800,000

16 Other liabilities

	The Group		The Bank	
	2018 (6 M)	2017 (6 M)	2018 (6 M)	2017 (6 M)
	MMK'000	MMK'000	MMK'000	MMK'000
Bonus Payable	909,362	-	909,362	-
Inter-branch online settlement	75,581	193,033	75,581	193,033
Marginal deposit	12,248,848	7,682,755	12,248,848	7,682,755
Miscellaneous	458,558	603,536	278,041	600,911
Payment Order	1,578,447	1,688,043	1,578,447	1,688,043
Provision for cash shortage	170,900	249,414	170,900	249,414
Provision for income tax	2,053,400	161,210	1,935,624	126,120
Provision on capital gain tax	-	190	-	190
Sundry Deposit (interest in suspense)	4,686,932	1,491,658	4,686,932	1,491,658
Surplus Cash	6,453	13,699	6,453	13,699
Unclaimed A/C	24,429	10	24,429	10
Internal remittance (private Banks)	278,647	407,354	278,647	407,354
Fixed Deposit Due	65,640	20,485	65,640	20,485
Credit card service fee payable	132,312	1,269	132,312	1,269
Accrued interest on fixed deposit	4,024,334	3,209,718	4,024,334	3,209,718
Accrued interest on borrowings	134,575	4,930	134,575	4,930
Accrued expenses	503,563	203,088	503,563	203,088
Deferred income	103,683	208,834	103,683	208,834
legal fees payable	26,099	155,000	26,099	155,000
Provision other	-	-	-	-
Debit note issued	-	45,522	-	45,522
	27,481,761	16,339,746	27,183,468	16,302,032

17 Share Capital

	The Group		The Bank	
	2018 (6 M)	2017 (6 M)	2018 (6 M)	2017 (6 M)
	MMK'000	MMK'000	MMK'000	MMK'000
Ordinary shares, MMK 500,000 per value				
Issued and fully paid-up				
Beginning of period				
2018 – 88,000 shares; 2017 – 88,000 shares	44,000,000	44,000,000	44,000,000	44,000,000
Shares issued during the period				
2018 – 20,000 shares; 2017 – Nil	10,000,000	-	10,000,000	-
Balance at end of period				
2018 – 108,000 shares; 2017 – 88,000 shares	54,000,000	44,000,000	54,000,000	44,000,000

The Bank has authorized capital of MMK 75 Billion and the total amount of issued & paid-up capital as of 30.9.2018 was MMK 54 Billion divided into 108,000 shares with MMK 500,000 each. The Bank has issued additional 20,000 shares during the period from 1st April to 30th September 2018.

18 Reserves

	The Group		The Bank	
	2018 (6 M)	2017 (6 M)	2018 (6 M)	2017 (6 M)
	MMK'000	MMK'000	MMK'000	MMK'000
The details of reserve are as follows:				
Statutory Reserve Fund				
Opening balance	2,578,406	2,338,451	2,578,406	2,338,451
Addition for the period	1,451,718	-	1,451,718	-
Closing balance	4,030,124	2,338,451	4,030,124	2,338,451
Reserve for contingencies				
Opening balance	-	-	-	-
Addition for the period	-	-	-	-
Closing balance	-	-	-	-
General Loan Loss Provision (GP)				
Opening balance	11,057,616	10,616,683	11,057,616	10,616,683
Addition for the period	744,850	-	744,850	-
Closing balance	11,802,466	10,616,683	11,802,466	10,616,683
Total	15,832,590	12,955,135	15,832,590	12,955,135

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 of Myanmar Law.

General Loan Loss Provision

The Bank has reserved 2% of its standard loans and advances as general loan loss provision at the end of financial year in accordance with Central Bank of Myanmar's instruction number 17/2017.

19 Off-balance sheet

	The Group		The Bank	
	2018 (6 M)	2017 (6 M)	2018 (6 M)	2017 (6 M)
	MMK'000	MMK'000	MMK'000	MMK'000
Performance Guarantee	34,021,966	24,427,371	34,021,966	24,427,371
Contingent liabilities	56,096,631	30,591,761	56,096,631	30,591,761
Commitments	64,186,284	56,508,668	64,186,284	56,508,668
	154,304,880	111,527,800	154,304,880	111,527,800

Performance Guarantee

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

Contingent Liabilities

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

Commitment (Overdraft - Undrawn Balances)

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

20 Interest Income

	The Group		The Bank	
	2018 (6 M) MMK'000	2017 (6 M) MMK'000	2018 (6 M) MMK'000	2017 (6 M) MMK'000
Interest on Loans & Overdrafts	37,994,637	33,855,408	37,272,664	33,133,435
Interest on Penalty	1,186,488	1,228,586	1,186,488	1,228,586
Interest on Money Market (Inter-bank)	2,924,322	1,956,773	2,894,203	1,940,179
Interest on Borrowing (Swap) CBM	5,325	-	5,325	-
Interest on T-bonds Investment	5,592,600	4,159,792	5,561,201	4,159,792
	47,703,372	41,200,559	46,919,881	40,461,993

	The Group		The Bank	
	2018 (6 M) MMK'000	2017 (6 M) MMK'000	2018 (6 M) MMK'000	2017 (6 M) MMK'000
Interest rate on loans & advances	13.0%	13.0%	13.0%	13.0%
Interest rate on government securities (T-bonds, 5 years)	9.5%	9.5%	9.5%	9.5%

21 Interest Expenses

	The Group		The Bank	
	2018 (6 M) MMK'000	2017 (6 M) MMK'000	2018 (6 M) MMK'000	2017 (6 M) MMK'000
Interest on Saving Deposit	13,422,064	14,450,959	13,422,064	14,450,959
Interest on Call Deposit	665,462	1,667,582	665,462	1,667,582
Interest on Fixed Deposit	19,666,846	15,861,398	19,666,846	15,861,398
Interest on Inter-bank Deposit	175,596	523,356	175,596	523,356
Interest on Borrowing CBM	1,690	-	1,690	-
Interest on Borrowing (Private Banks)	210,625	-	210,625	-
Interest on Borrowing (Foreign Banks in Local)	312,611	133,851	312,611	133,851
	34,454,894	32,637,145	34,454,894	32,637,145

22 Fees and Commission Income

	The Group		The Bank	
	2018 (6 M)	2017 (6 M)	2018 (6 M)	2017 (6 M)
	MMK'000	MMK'000	MMK'000	MMK'000
Commission on Payment Order	32,315	24,738	32,315	24,738
Commission on Remittance	178,509	201,176	178,509	201,176
Commission on Card	189,789	63,449	189,789	63,449
Commission on Others	26,867	52,717	26,867	52,717
Service Charges (Loans & Advances and Others)	1,001,751	1,027,312	1,001,751	1,027,312
Commitment Fees	298,601	220,724	298,601	220,724
Commission on Trade Finance	1,507,846	1,115,682	1,507,846	1,115,682
Commission on Brokage fees from Trade	184	196	-	-
Commission on IB Advisory fees	18,339	2,720	-	-
	3,254,201	2,708,715	3,235,677	2,705,799

23 Other Income

	The Group		The Bank	
	2018 (6 M)	2017 (6 M)	2018 (6 M)	2017 (6 M)
	MMK'000	MMK'000	MMK'000	MMK'000
Treasury (Forex) Trading Income	2,298,492	678,682	2,298,492	678,682
Interest on Other (Advance Operating Lease)	595,607	-	595,607	-
Extension fees on Loans & OD	330,616	142,821	330,616	142,821
Exchange Gain/Loss on Cards	39,905	72,379	39,905	72,379
Miscellaneous	81,377	47,347	81,377	47,347
	3,345,998	941,229	3,345,998	941,229

24 General & Administrative Expenses

	The Group		The Bank	
	2018 (6 M)	2017 (6 M)	2018 (6 M)	2017 (6 M)
	MMK'000	MMK'000	MMK'000	MMK'000
Maintainance & Repair	877,565	471,694	755,592	463,987
Miscellaneous Expenses	192,560	888,120	169,122	715,130
Supplies and Services	4,676,645	488,285	466,204	474,905
Rate & Taxes	253,395	227,315	253,128	227,014
Insurance Expense	8,228	15,295	8,228	7,856
	1,799,393	2,090,708	1,652,273	1,888,891

25 Personnel Expenses

	The Group		The Bank	
	2018 (6 M) MMK'000	2017 (6 M) MMK'000	2018 (6 M) MMK'000	2017 (6 M) MMK'000
Salaries and Allowances	6,650,289	6,715,400	6,581,395	6,419,832
Staff Welfare and Contribution	18,109	19,830	18,045	18,685
Staff Social Security Contribution	85,977	73,406	85,379	72,537
Recruitment Expense	956	58,957	956	58,957
Staff Bonus & Rewards	709,915	310,977	712,420	283,717
Training Expense	3,329	1,318	3,329	1,318
	7,468,576	7,179,887	7,401,525	6,855,046

26 Operating Lease Expenses

	The Group		The Bank	
	2018 (6 M) MMK'000	2017 (6 M) MMK'000	2018 (6 M) MMK'000	2017 (6 M) MMK'000
Rent - Building, Godown	652,367	709,557	645,790	686,659
Rent - Other	126,238	135,997	126,238	135,997
	778,605	845,554	772,027	822,656

27 Other Expenses

	The Group		The Bank	
	2018 (6 M) MMK'000	2017 (6 M) MMK'000	2018 (6 M) MMK'000	2017 (6 M) MMK'000
Cash shortage	170,900	247,938	170,900	247,938
Provision for bad & doubtful debt (SP)	50,135	-	50,135	-
Fees and Expense	134,699	352,832	134,699	352,832
Penalty - Other	-	13	-	13
	355,735	600,782	355,735	600,782

28 Taxation

	The Group		The Bank	
	2018 (6 M) MMK'000	2017 (6 M) MMK'000	2018 (6 M) MMK'000	2017 (6 M) MMK'000
Tax expense/(credit) attributable to profit or (loss) is made up of:				
- Current income tax	(2,054,412)	(33,213)	(1,935,624)	-
- Deferred income tax	-	-	-	-
	(2,054,412)	(33,213)	(1,935,624)	-
Under/(over) provision in prior financial years				
- Current income tax	-	-	-	-
- Deferred income tax	-	-	-	-
	(2,054,412)	(33,213)	(1,935,624)	-

29 Investment in Subsidiary

	The Group		The Bank	
	2018 (6 M) MMK'000	2017 (6 M) MMK'000	2018 (6 M) MMK'000	2017 (6 M) MMK'000
Unlisted share, at cost (11,728 shares @ MMK 500,000 each)	5,864,000	5,864,000	-	-

The following list contains only the particulars of principal subsidiary:

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

30 Non-controlling Interest

	The Group		The Bank	
	2018 (6 M) MMK'000	2017 (6 M) MMK'000	2018 (6 M) MMK'000	2017 (6 M) MMK'000
Investment shares, at costs	9,136,000	9,136,000	-	-
Retained earning (Loss 41,084 @ 61%)	(25,023)	(207,489)	-	-
Profit for the year (Profit 356,366 @ 61%)	217,051	60,687	-	-
	9,328,028	8,989,198	-	-

The Group
2018
Property, Plant & Equipment
Annexure - I

	Land & building	Office Machine & Other Machine Equipment	Furniture, Fixture & Fitting	Electrical Equipment & Computer Accessories	Motor Cars & Motor Cycle	Total
Cost	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
As at 1 April 2018	46,629,008	5,813,977	1,322,028	2,804,419	2,676,754	59,246,185
Additions during the period	57,141	66,622	12,260	15,043	-	151,065
transfer during the period	-	-	-	-	-	-
Adjustment during the period	265,613	36,556	13,974	166,869	7,900	490,912
Written Off	-	-	-	-	-	-
As at 30 September 2018	46,951,761	5,917,156	1,348,262	2,986,330	2,684,654	59,888,162
Accumulated Depreciation						
As at 1 April 2018	2,442,020	1,509,931	232,936	1,560,587	1,268,300	7,013,773
Charged for the period	400,050	279,009	32,303	224,283	167,922	1,103,566
Adjustment during the period	-	(2,291)	(237)	2,285	-	(244)
Transfer	-	-	-	-	-	-
Written Off	-	-	-	-	-	-
As at 30 September 2018	2,842,069	1,786,648	265,002	1,787,154	1,436,222	8,117,095
Net Book Value as at 30 September 2018	44,109,692	4,130,507	1,083,260	1,199,177	1,248,431	51,771,067

2017
Property, Plant & Equipment

	Land & building	Office Machine & Other Machine Equipment	Furniture, Fixture & Fitting	Electrical Equipment & Computer Accessories	Motor Cars & Motor Cycle	Total
Cost	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
As at 1 April 2017	35,903,278	5,267,721	1,264,102	2,594,932	2,740,149	47,770,183
Additions during the period	174,221	395,223	42,872	152,329	74,650	839,295
transfer during the period	500	10,725	(5,662)	19,838	-	25,401
Adjustment during the period	-	-	-	-	-	-
Written Off	-	-	-	-	-	-
As at 30 September 2017	36,078,000	5,673,669	1,301,312	2,767,099	2,814,799	48,634,879
Accumulated Depreciation						
As at 1 April 2017	1,551,747	970,869	169,068	1,094,761	991,265	4,777,709
Charged for the period	434,857	260,047	32,012	229,718	175,425	1,132,059
Adjustment during the period	-	-	-	-	-	-
Transfer	-	(736)	860	-	-	124
Written Off	-	-	-	-	-	-
As at 30 September 2017	1,986,604	1,230,180	201,940	1,324,479	1,166,690	5,909,892
Net Book Value as at 30 September 2017	34,091,395	4,443,490	1,099,372	1,442,621	1,648,109	42,724,986

The Bank

2018

Property, Plant & Equipment

Annexure I

	Land & building	Office Machine & Other Machine Equipment	Furniture, Fixture & Fitting	Electrical Equipment & Computer Accessories	Motor Cars & Motor Cycle	Total
Cost	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
As at 1 April 2018	46,629,008	5,809,994	1,318,771	2,783,650	2,662,354	59,203,776
Additions during the period	57,141	66,622	12,260	15,043	-	151,065
transfer during the period	-	-	-	-	-	-
Adjustment during the period	265,613	36,556	13,974	166,869	7,900	490,912
Written Off	-	-	-	-	-	-
As at 30 September 2018	46,951,761	5,913,172	1,345,005	2,965,562	2,670,254	59,845,753
Accumulated Depreciation						
As at 1 April 2018	2,442,020	1,508,155	229,868	1,545,742	1,261,489	6,987,273
Charged for the period	400,050	278,407	32,269	222,023	166,482	1,099,231
Adjustment during the period	-	(2,291)	(237)	2,285	-	(244)
Transfer	-	-	-	-	-	-
Written Off	-	-	-	-	-	-
As at 30 September 2018	2,842,069	1,784,270	261,900	1,770,049	1,427,972	8,086,260
Net Book Value as at 30 September 2018	44,109,692	4,128,902	1,083,104	1,195,513	1,242,282	51,759,493

2017

Property, Plant & Equipment

	Land & building	Office Machine & Other Machine Equipment	Furniture, Fixture & Fitting	Electrical Equipment & Computer Accessories	Motor Cars & Motor Cycle	Total
Cost	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
As at 1 April 2017	35,903,278	5,263,738	1,259,509	2,575,355	2,695,249	47,697,129
Additions during the period	174,221	395,223	42,784	149,442	74,650	836,321
transfer during the period	500	10,725	(5,662)	19,838	-	25,401
Adjustment during the period	-	-	-	-	-	-
Written Off	-	-	-	-	-	-
As at 30 September 2017	36,078,000	5,669,686	1,296,631	2,744,636	2,769,899	48,558,850
Accumulated Depreciation						
As at 1 April 2017	1,551,747	970,296	164,475	1,084,530	983,268	4,754,316
Charged for the period	434,857	259,448	31,924	227,314	170,396	1,123,939
Adjustment during the period	-	-	-	-	-	-
Transfer	-	(736)	860	-	-	124
Written Off	-	-	-	-	-	-
As at 30 September 2017	1,986,604	1,229,008	197,259	1,311,843	1,153,664	5,878,379
Net Book Value as at 30 September 2017	34,091,395	4,440,677	1,099,372	1,432,792	1,616,235	42,680,472