



**YOMA BANK LIMITED
(Registration No. 193771947)**

**REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021**

YOMA BANK LIMITED

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

C O N T E N T S

	<u>PAGE</u>
Report of the directors	1-3
Statement of the directors	4
Independent auditor's report	5-6
Statement of financial position	7
Statement of profit or loss and other comprehensive income	8
Statement of changes in equity	9
Statement of cash flows	10 - 11
Notes to financial statements	12 - 58

YOMA BANK LIMITED

REPORT OF THE DIRECTORS

The directors are pleased to present their report to the members, together with the audited financial statements of Yoma Bank Limited (the "Bank") for the financial year ended September 30, 2021, in compliance with Section 261 of the Myanmar Companies Law 2017.

1 BOARD OF DIRECTORS

The directors of the bank in the office at the date of this report are:

U Thein Wai @ Mr. Serge Pun	Executive Chairman
U Tun Myat	Independent Non-Executive Director
U Kyi Aye	Executive Director
Mr. Dean Cleland	Executive Director
Mr. Melvyn Pun	Non-Executive Director
Ms. Fay Piyachatr Chetnakamkul	Non-Executive Director
Dr. Holger Dirk Michaelis	Non-Executive Director
Ms. Iris Fang	Non-Executive Director
Mr. Chintaman Mahadeo Dixit	Independent Non-Executive Director
Mr. John Alan Staley	Independent Non-Executive Director

2 STATE OF THE BANK'S AFFAIRS

The principal activities of the Bank are to carry out all business undertakings provided in the Financial Institutions Law 2016 ("FIL 2016") Section 52, and in accordance with the Central Bank of Myanmar's directives, guidelines, and instructions. There were no major changes in the business of the Bank during the financial year ended September 30, 2021. During the financial year, the Bank had the following developments:

- a) Launched of new "Flexi" and "Super Fixed" Deposit Products;
- b) Introduction of "Short-term Relief Program" with dedicated team to support customers during times of stress;
- c) Recorded specific provisions in accordance with CBM Notification No. 17/2017 and additional provision for the loans and advances under short-term relief program in addition to CBM provision requirements; and
- d) Arranged dedicated COVID-19 crisis medical team and Vaccination Program for the People of the Bank.

3 FINANCIAL PERFORMANCE

<i>In millions</i>	For the year ended September 30, 2021	For the year ended September 30, 2020
	MMK	MMK
Revenue (including fees and commission income and other income)	272,393.14	315,694.28
Profit before dividend income, general provision, depreciation, amortisation, and tax	17,063.38	40,833.48
Less: Depreciation and amortisation	6,517.53	6,308.55
Profit before general provision and tax	10,545.85	34,524.93
Less: 2% general provision for loans and advances	-	3,125.11
Less: Income tax expense	2,636.45	5,927.98
Add: Dividend income	3.39	6.78
Profit for the year	7,912.79	25,478.62

4 TRANSFERS TO RESERVES ACCOUNT

During the financial year ended September 30, 2021, the Bank has transferred the following amounts to the Reserves account in accordance with Section 35 (a) of the FIL 2016, and as required by CBM Notification No. 17/2017.

<i>In millions</i>	For the year ended September 30, 2021	For the year ended September 30, 2020
	MMK	MMK
Statutory reserve account	1,978.20	7,150.93
Reserve for contingencies	1.00	1.00
Reserve for bad and doubtful debts	-	3,125.11
Total Reserves	1,979.20	10,277.04

5 DIVIDENDS

There has been no dividend proposed by the Board of Directors of the Bank for the financial year ended September 30, 2021.

6 ISSUANCE AND TRANSFER OF SHARES

There has been no issuance or transfer of shares for the financial year ended September 30, 2021.

7 RISK AND UNCERTAINTIES

The Bank has developed and implemented a risk management policy which identifies major risks which may threaten the existence of the Bank. The same has also been adopted by the Board of Directors and is also subject to its review from time to time.

With extraordinary external environment challenging the Banking industry, the Bank managed the various risk such as physical cash shortage risk, liquidity risk, credit risk, legal and compliance risk in line with the defined risk appetite approved by the Board of Directors.

Despite the heightened uncertainty in the external environment due to COVID-19 and political situation, the Bank believes it has adequately strong physical cash position and liquidity position. Furthermore, increased credit provisions in response to deteriorating credit risk and capital adequacy buffers put the Bank in good financial standing as well as maintaining stable market risk positions.

8 AUDITOR

The financial statements have been audited by Cho Cho Aung, Certified Public Accountant of Myanmar Vigour & Associates Limited.

On behalf of the Board of Directors,



U Theim Wai
Executive Chairman



Mr. Dean Cleland
Executive Director

Date: November 26, 2021

YOMA BANK LIMITED
STATEMENT OF THE DIRECTORS

The directors are pleased to submit their statement to the members, together with the audited statement of financial position of Yoma Bank Limited (the "Bank"), the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows together with the notes to the financial statements for the year ended September 30, 2021. These have been prepared in accordance with the Myanmar Companies Law (the "Law") and Myanmar Financial Reporting Standards ("MFRSs") as issued by the Myanmar Accountancy Council ("MAC") and as modified by the provisions of the Financial Institutions Law 2016 ("FIL 2016") (collectively known as "the Regulations").

In the opinion of the directors, the statement of financial position, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Bank, together with the notes thereon, as set out on pages 7 to 58, present fairly, in all material aspects, the financial position of the Bank as at September 30, 2021, and the financial performance, changes in equity and cash flows of the Bank for the year then ended and at the date of this statement, there are reasonable grounds to believe that the Bank will be able to pay its debts when they fall due.

On behalf of the Board of Directors,



U Theim Wai
Executive Chairman



Mr. Dean Cleland
Executive Director

Date: November 26, 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

YOMA BANK LIMITED

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of Yoma Bank Limited (the "Bank"), which comprise the statement of financial position as at September 30, 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 58.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Myanmar Companies Law (the "Law") and Myanmar Financial Reporting Standards ("MFRSs"), as modified by the provisions of the Financial Institutions Law 2016 ("FIL 2016"). This responsibility includes:

- (a) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Management is also responsible for the maintenance of accounts and records and the preparation of periodic financial statements, adequate to reflect its operations and financial condition as prescribed by regulations made by the Central Bank of Myanmar.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Myanmar Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
YOMA BANK LIMITED**

Opinion

In our opinion, the financial statements present fairly, in all material aspects, the financial position of the Bank as at September 30, 2021 and its financial performance and cash flows for the year then ended in accordance with the provisions of the Law and MFRSs, as modified by the provisions of FIL 2016.

Report on Other Legal and Regulatory Requirements

In accordance with the provisions of the Law and FIL 2016, we report that:

- (a) We have obtained all information and explanations we required;
- (b) Books of accounts have been maintained by the Bank as required by Section 258 of the Law; and
- (c) Accounts and records have been maintained by the Bank including the preparation of financial statements in compliance with the regulations as required by Section 84 of the FIL 2016.

Also, in accordance with Section 89 of the FIL 2016, we report that the financial statements of the Bank adequately reflect in all material respects, the financial position of the Bank and its solvency.



Cho Cho Aung
Certified Public Accountant
Yangon, Myanmar

Date : November 26, 2021


YOMA BANK LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021**

In millions

	Note	September 30, 2021	September 30, 2020
		MMK	MMK
ASSETS			
Cash on hand and at banks	8	496,239.24	293,876.22
Interbank placements		25,258.00	154,583.00
Investment securities	9	491,975.04	782,322.12
Loan and advances, net	10	1,672,652.24	1,980,729.88
Property and equipment	11	40,959.55	40,516.43
Software, licenses and rights	12	6,639.80	4,712.99
Other assets	13	56,662.08	44,264.62
Total assets		2,790,385.95	3,301,005.26
LIABILITIES			
Interbank deposits		1,454.20	587.90
Due to non-bank customers	14	2,431,339.66	3,000,005.99
Funds restricted for LIFT-AFP	15	982.67	996.30
Interbank borrowings		61,562.60	-
Accruals and other liabilities	16	47,238.23	59,519.27
Total liabilities		2,542,577.36	3,061,109.46
EQUITY			
Share capital	17	86,260.44	86,260.44
Share premium	17	30,130.00	30,130.00
Reserves	18	79,650.34	77,671.14
Retained earnings		51,767.81	45,834.22
Total equity		247,808.59	239,895.80
Total liabilities and equity		2,790,385.95	3,301,005.26
OFF-BALANCE SHEET			
Contingent liabilities	26	41,861.82	46,257.90
Commitments	27	165,956.51	162,779.97

On behalf of the Board of Directors



U Thein Wai
Executive Chairman



Dean Alexander Cleland
Chief Executive Officer



Kyaw Khaing Win
Chief Financial Officer - Acting

Date: November 26, 2021

The accompanying notes form part of the financial statements

YOMA BANK LIMITED

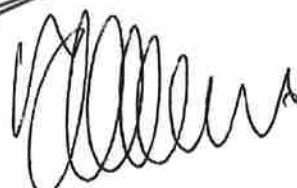
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

<i>In millions</i>	Note	For the year ended September 30, 2021	For the year ended September 30, 2020
		MMK	MMK
Interest income	19	256,067.25	289,558.96
Interest expense	19	138,095.64	174,383.40
Net interest income		117,971.61	115,175.56
Fees and commission income	20	9,332.45	16,253.41
Other income	21	6,993.44	9,881.91
Net non-interest income		16,325.89	26,135.32
Income before operating expenses		134,297.50	141,310.88
General and administrative expense	22	8,499.59	12,022.18
Personnel expense	23	33,289.30	38,403.64
Rent expense		6,199.68	5,555.44
Depreciation and amortisation	11,12	6,517.54	6,308.55
Specific provision on loans and advances and repossessed properties	10,13	49,343.66	12,825.50
Specific provision on restructured loans and advances	10	4,630.10	-
Specific provision for future losses	10	-	16,000.00
2% general provision on loans and advances	18	-	3,125.11
Other expenses	24	15,268.39	15,663.86
Total expenses		123,748.26	109,904.28
Profit before tax		10,549.24	31,406.60
Income tax expense	25	2,636.45	5,927.98
Profit for the year		7,912.79	25,478.62
Other comprehensive income			
Revaluation of property and equipment	11,18	-	11,104.57
Total comprehensive income for the year		7,912.79	36,583.19

On behalf of the Board of Directors,



U Theim Wai
Executive Chairman



Dean Alexander Cleland
Chief Executive Officer



Kyaw Khaing Win
Chief Financial Officer - Acting

Date: November 26, 2021

The accompanying notes form part of the financial statements

YOMA BANK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

In millions

	Share capital MMK	Share premium MMK	Reserves MMK	Retained earnings MMK	Total MMK
Balance at September 30, 2019	32,260.44	30,130.00	56,289.53	27,507.53	146,187.50
Share capital issued	54,000.00	-	-	-	54,000.00
Amount transferred to statutory reserves	-	-	7,150.93	(7,150.93)	-
Amount transferred to reserve for contingencies	-	-	1.00	(1.00)	-
Adjustment to reserve for general provision on loans and advances	-	-	3,125.11	-	3,125.11
	86,260.44	30,130.00	66,566.57	20,355.60	203,312.61
Total comprehensive income for the year	-	-	-	25,478.62	25,478.62
Profit for the year	-	-	-	-	-
Other comprehensive income - revaluation surplus	-	-	11,104.57	-	11,104.57
	-	-	11,104.57	25,478.62	36,583.19
	86,260.44	30,130.00	77,671.14	45,834.22	239,895.80
Balance at September 30, 2020	-	-	1,978.20	(1,978.20)	-
Amount transferred to statutory reserves	-	-	-	-	-
Amount transferred to reserve for contingencies	-	-	1.00	(1.00)	-
	86,260.44	30,130.00	79,650.34	43,855.02	239,895.80
Total comprehensive income for the year	-	-	-	7,912.79	7,912.79
Profit for the year	-	-	-	-	-
Balance at September 30, 2021	86,260.44	30,130.00	79,650.34	51,767.81	247,808.59

The accompanying notes form part of the financial statements

YOMA BANK LIMITED
**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**
In millions

	September 30, 2021	September 30, 2020
	MMK	MMK
Cash flows from operating activities		
Profit before tax	10,549.24	31,406.60
Adjustment for:		
Depreciation and amortisation	6,517.54	6,308.55
Specific provision on loans and advances and repossessed properties	49,771.16	12,401.53
Specific provision on repossessed properties	(427.50)	423.97
Specific provision on restructured loans and advances	4,630.10	-
Specific provision for future losses	-	16,000.00
2% general provision on loans and advances	-	3,125.11
Unrealized foreign exchange gain, net	284.95	(103.18)
Write-off of property and equipment and software, licenses and rights	52.57	210.24
Adjustment to property and equipment and software licenses and rights	61.69	8.89
Dividend income	(3.39)	(6.78)
Gain on disposal of available-for-sale investments	-	(7,306.43)
Gain on disposal of property and equipment	(0.05)	(29.36)
Operating cash flows before movements in working capital	71,436.31	62,439.14
Movements in working capital:		
Interbank placements	71,880.50	(1,112.32)
Loan and advances	252,141.93	(164,465.06)
Other assets	(5,742.79)	15,176.48
Due to non-bank customers and interbank deposits	(567,800.02)	433,543.64
Interbank borrowings	61,562.60	-
Funds restricted for LIFT-AFP	(13.63)	(3,463.45)
Accruals and other liabilities	(14,917.49)	(25,909.57)
Cash (used in) generated from operations	(131,452.59)	316,208.86
Dividends received	3.39	6.78
Income tax paid	(4,980.25)	(4,956.94)
Net cash (used in) provided by operating activities	(136,429.45)	311,258.70
Cash flows from investing activities		
Acquisition of property and equipment	(5,459.65)	(6,455.54)
Acquisition of software, licenses and rights	(3,544.72)	(1,601.91)
Proceeds from disposal of available-for-sale investments	779,876.95	7,306.43
Proceeds from settlement of held-to-maturity investments	500.00	35,000.00
Investment in government securities	(490,027.31)	(335,933.63)
Proceeds from disposal of property and equipment	2.70	29.36
Net cash provided by (used in) investing activities	281,347.97	(301,655.29)

The accompanying notes form part of the financial statements

YOMA BANK LIMITED**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021***In millions*

	September 30, 2021	September 30, 2020
	MMK	MMK
Cash flows from financing activity		
Proceeds from issuance of share capital, representing net cash provided by financing activity	-	54,000.00
Net increase in cash and cash equivalents	144,918.52	63,603.41
Cash and cash equivalents at beginning of the year	365,320.72	301,717.31
Cash and cash equivalents at end of the year (Note 8)	510,239.24	365,320.72

The accompanying notes form part of the financial statements

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2021

1. GENERAL

Yoma Bank Limited (the "Bank") is a private company which was incorporated in Myanmar on May 19, 1993 under The Myanmar Companies Act. The Bank was re-registered at Directorate of Investment and Company Administration with the Company registration no. 193771947 under the Myanmar Companies Law 2017. Its holding company is First Myanmar Investment Public Co., Ltd, also incorporated in Myanmar and is listed on the Yangon Stock Exchange on March 25, 2016. The Bank was permitted to carry out banking business under License No. MaVaBa/P - 5/(7) 1993 issued by the Central Bank of Myanmar ("CBM") according to Section 57 of the Central Bank of Myanmar Law. The principal activities of the Bank are to carry out all business undertakings provided in the Financial Institution Law 2016 ("FIL 2016") Section 52, in accordance with the CBM. The Bank renewed its Authorized Dealer License with license no. CBM-FEMD-95/2013 with the CBM.

The registered office of the Bank is located at Levels 5,6,7,8 Tower-2, HAGL, Myanmar Centre Tower, No. 192, Kabaraye Pagoda Road, Bahan Township, Yangon, Myanmar.

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

The financial statements of the Bank for the year ended September 30, 2021 were authorised for issue by the Board of Directors on November 26, 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Myanmar Companies Law (the "Law") and Myanmar Financial Reporting Standards ("MFRSs") as issued by the Myanmar Accountancy Council ("MAC") and as modified by the provisions of the FIL 2016 (collectively known as "the Regulations"). Should there be any conflict among the Regulations, the provisions of the FIL 2016, including notifications and instructions issued by CBM, will take precedence over MFRSs pursuant to section 175 of the FIL 2016. Please refer to Note 2.4.4, 2.4.5 and 2.13 for further details, where the requirements of CBM, which take precedence, were applied in respect of fair valuation of available-for-sale equity investments, impairment of loans and advances and fair valuation of land and buildings, respectively.

2.2 Basis of preparation

The financial statements have been 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 which market participants would take 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.

2.3 Financial instruments

Financial assets and financial liabilities are recognised on the Bank's statement of financial position when the Bank becomes a party to the contractual provisions of the instruments.

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

2.3.1 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 or payments (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 and expense are recognised on an effective interest basis for debt instruments other than those financial assets and liabilities classified as at Fair Value Through Profit or Loss ("FVTPL").

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' investments, 'Available-For-Sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

2.4.1 Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**

2.4 Financial assets (CONT'D)

2.4.1 Financial assets at FVTPL (CONT'D)

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' and 'other expenses' line items. Fair value is determined in the manner described in Note 4.2.

2.4.2 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Bank has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

2.4.3 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 on hand and at banks and interbank placements) are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

2.4.4 Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Available-for-sale financial assets are subsequently carried at fair value if the fair value can be reliably estimated using valuation techniques supported by observable market data, otherwise, those assets will be carried at cost less impairment loss.

Fair value changes to be recorded for available-for-sale financial assets are subject to approval from the CBM. The Bank is currently holding these investment securities at cost and if revaluation were to be made, the Bank will seek approval from the CBM on measuring certain available-for-sale financial assets at fair value based on applicable observable market data.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**

2.4 Financial assets (CONT'D)

2.4.5 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 impacted.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

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 a default or delinquency in interest or principal payments; 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.

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 and investment securities, where the carrying amount is reduced through the use of an allowance account. When loans and advances are considered uncollectable, they are 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.

For financial assets carried 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.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

YOMA BANK LIMITED**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021****2.4 Financial assets (CONT'D)****2.4.5 Impairment of financial assets (CONT'D)****2.4.5.1 Specific provision on loans and advances**

The Bank reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the income statement. In accordance with the new CBM notification No. 17/2017, Asset Classification and Provisioning dated July 7, 2017, the Bank determines the impairment loss for loans and advances as follows:

Days past due	Classification	Provision on shortfall in security value
30 days past due	Standard	0%
31 – 60 days past due	Watch	5%
61 – 90 days past due	Substandard	25%
91 – 180 days past due	Doubtful	50%
Over 180 days past due	Loss	100%

The above is only a minimum requirement and management may provide additional provision over and above the minimum requirement.

Effective October 3, 2019, the Bank adopted a stricter provision policy for Digital Credit loans due to the fact that these are unsecured credits. Accordingly, the provision rate applied for Digital Credit loans are as follows:

Days past due	Classification	Provision on shortfall in security value
1 to 30 days past due	Standard	10%
31 to 60 days past due	Watch	25%
61 to 90 days past due	Substandard	50%
91 to 180 days past due	Doubtful	100%
Over 180 days past due	Loss	100%

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**
2.4 Financial assets (CONT'D)
2.4.5.2 Specific provision for restructured loan portfolios

The Bank has launched 'Short-term Relief Program' for all performing loans which are less than 90 days past due upon borrowers application basis. Only borrowers with outstanding exposures less than 90 days past due will be eligible for this program. Borrowers under this program will be offered either principal repayment reduction ("principal reduced"), suspension of principal repayment while only serving interest ("principle paused") or suspension of principal and interest repayment for a period of time till December 31, 2021 ("principal and interest paused"). By using all available information and customers' behavior from past relief programs, the Bank has performed the meticulous assessment to determine additional provision required on borrowers under the 'Short-term Relief Program' due to the uncertainty brought about by the current political situation in Myanmar.

Additionally, the Bank has assessed the credit standing of large individual exposures individually by taking into account of their current business condition and potential recovery to appropriately recognize impairment and provisioning for these accounts.

Accordingly, management has applied the following provision rates for financial assets under the program. The provision rates applied for financial assets which are 1 to 30 days past due and 31 to 60 days past due are higher than the provision rates stipulated by CBM notification No. 17/2017, Asset Classification and Provisioning as laid out under 2.4.5.1; while the provision rates applied for financial assets which are 61 to 90 days past due remain the same as per CBM.

Days past due	Classification	Provision on shortfall in security value		
		Principle reduced	Principle paused	Principal and Interest paused
1 to 30 days past due	Standard	5%	10%	25%
31 to 60 days past due	Watch	5%	10%	25%
61 to 90 days past due	Substandard	25%	25%	25%

General provision on loans and advances

Pursuant to CBM Notification No. 17/2017, Asset Classification and Provisioning Regulations and Letter No.2621/ Ka Ka(1)/3/507/2018-2019 dated May 10, 2019, the Bank is required to maintain a general loan loss reserve equivalent to 2% of the total outstanding loans and advances with a corresponding charge to profit or loss.

2.4.6 Derecognition of financial assets

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

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

2.4 Financial assets (CONT'D)

2.4.6 Derecognition of financial assets (CONT'D)

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 amounts 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.

2.4.7 Write-off

Financial assets written off are charged to specific provision when the Bank has no reasonable expectation of recovering the asset. Subsequent recoveries are recognised in profit or loss. Financial assets written off may still be subject to enforcement activities under the Bank's recovery procedures, taking into account legal advice where appropriate.

2.5 Financial liabilities and equity instruments

2.5.1 Classification as debt or equity

Financial liabilities and equity instruments issued by the Bank are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

2.5.2 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.

2.6 Financial liabilities

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

2.6.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**

2.6 Financial liabilities (CONT'D)

2.6.1 Financial liabilities at FVTPL (CONT'D)

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other income' and 'other expenses' line items. Fair value is determined in the manner described in Note 4.2.

2.6.2 Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

2.6.3 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.

2.6.4 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Bank currently has a legally enforceable right to set off the recognised amount and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the statement of cash flows comprise of cash on hand, cash balances with banks, non-restricted current accounts with CBM and interbank placements with maturity of three months or less from the date of acquisition.

2.8 Revenue recognition

2.8.1 Interest income and expense

Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at FVTPL.

In accordance to the CBM Notification No. 17/2017 Assets Classification and Provisioning Regulations, all interest income from non-performing loans are suspended and recorded under "Other assets" and shall only be recognised as income when the interest has been collected by the Bank.

2.8 Revenue recognition (CONT'D)

2.8.2 Fees and commission income

Fees and commission, except for insurance commission income are generally recognised on an accrual basis when the service has been provided. This includes loan and overdraft fees, commissions from hire purchase - AFP, remittance fees, trade finance fees and others.

2.8.3 Dividend income

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

2.9 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.

2.9.1 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.

2.10 Foreign currency transactions and translation

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

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

2.11 Employee benefits

2.11.1 Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2.11 Employee benefits (CONT'D)

2.11.2 Defined contribution plan

Eligible employees may participate in the Bank's defined contribution plan under which the Bank pays fixed contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Bank has no further payment obligations once the contributions have been paid. The employer's contributions are recognised in "Personnel expense" when the employer's contributions are made and when benefits are paid.

2.11.3 Share-based payment arrangement

The Bank issues cash-settled share-based payments to certain employees.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

2.12 Taxation

Income tax expense represents the tax currently payable.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Bank's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current tax is recognised as an expense in profit or loss.

2.13 Property and equipment

Property and equipment, other than land and buildings, are stated at historical cost less accumulated depreciation and accumulated impairment in value, following the cost model.

With effect from September 2021, the Bank applied the CBM approved revaluation model for its land and buildings where fair values of land and buildings are as determined and approved by CBM. Future revaluations will be made based on fair values as determined and approved by CBM.

Pursuant to CBM Instruction No. 3954/AA(1)/3/797/2018-2019 dated September 23, 2019, total revaluation gain on land and buildings was determined by taking 40% of the difference between the carrying amount and the average of the fair value determined by an independent appraiser as at January 2018 and the Inland Revenue Office.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Changes in the expected useful lives are accounted for by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values 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.

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**

2.13 Property and equipment (CONT'D)

Category	Rate
Immovable property – Building	1.25%
Office equipment	10.00% - 20.00%
Furniture and fitting	5.00%
Motor vehicle	12.50%
Leasehold improvements	20.00%

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Property and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the impairment loss is recognised in profit or loss.

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 and equipment. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The gain or loss arising on disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

2.14 Software, licenses and rights

Software, licenses and rights are carried at cost less accumulated amortisation and allowance for impairment loss (if any). Software, licenses and rights with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the software, licenses and rights may be impaired. The estimated useful life and the amortisation method of such software, licenses and rights are reviewed at least at each financial year-end. The amortisation expense is recognised in profit or loss.

Software, licenses and rights with finite useful lives include computer software which have an estimated useful life of 5 years, and licenses which have an estimated useful life of 10 years.

2.15 Impairment of non-financial assets

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

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future 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 the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.16 Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event and 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.

2.17 Deferred revenue from performance and trade guarantees

In the ordinary course of business, the Bank gives guarantees, consisting of letters of credit, guarantees and acceptances. Deferred revenue is initially recognised, for the commission received in advance, from the guarantees offered to the customer in the financial statements (within "Accruals and other liabilities") at fair value. Subsequent to initial recognition, the Bank's liability is measured at the higher of the amount initially recognised less, when appropriate, cumulative amortisation recognised in the income statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

The commission received is recognised in profit or loss under "Fees and commission income" on a straight-line basis over the life of the guarantee.

2.18 Adoption of new and revised standards

There have been no new/revised MFRSs and Interpretations of MFRSs adopted by the Myanmar Accountancy Council during the year.

In July 2018, MAC issued Notifications No. 18/2018 and No. 19/2018 requiring the adoption of International Financial Reporting Standards ("IFRS") by Public Interest Entities ("PIE") and either IFRS or IFRS for Small and Medium Sized-Entities ("IFRS for SMEs") by non-PIE, respectively, from fiscal year 2022-2023.

3 CRITICAL ACCOUNTING JUDGEMENTS 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 judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and 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 judgements in applying accounting policies

In the process of applying the Bank's accounting policies, which are described in Note 2 to the financial statements, the management did not make any critical judgements that have a significant effect on the amount recognised in the financial statements.

3.2 Key sources of estimation uncertainty

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

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**

3.2 Key sources of estimation uncertainty (CONT'D)

3.2.1 Impairment losses on loans and advances

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 judgement 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. The Bank recognises an impairment loss equivalent to the security shortfall of each individual loan, in accordance with the requirement under the CBM Notification No. 17/2017 including its annexure on the criteria for the valuation of security and collateral.

During the year, due to the current COVID-19 and political situation, the Bank was not able to conduct site visits for its real estate collateral valuation. The Bank has engaged several local professional valuers to discuss about the general property market trends in Myanmar. Based on the discussions, the Bank has segregated its collaterals by region and property types in applying the following haircuts:

Property type	Haircut
Properties in Yangon and Mandalay region, other than apartments and condominiums	45%
Properties outside of Yangon and Mandalay region, other than apartments and condominiums	55%
Apartments and condominiums	55%

3.2.2 Specific provision for restructured loan portfolios

In view of the current political situation in Myanmar where banking operations and repayment channels are disrupted, the Bank has launched 'Short-term Relief Program' for all performing loans which are less than 90 days past due upon borrowers application basis. Borrowers under this program are allowed to defer either principal and/or interest repayment or principal reduction based on the type of pause programs till December 31, 2021. The Bank evaluated the possible losses for financial assets under the program by taking into account past events, current conditions/trends and economic outlooks and has applied additional provision rates for these borrowers as they are deemed of higher risks. The additional provision rates are disclosed under 2.4.5.2.

3.2.3 Impairment of available-for-sale equity investments

The Bank determines that available-for-sale equity investments are impaired when there has been a significant prolonged decline in fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgement, the Bank evaluates among other factors, the volatility in share price. In addition, objective evidence of impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financial cash flows.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2021

3.2 Key sources of estimation uncertainty (CONT'D)

3.2.4 Uncertain tax positions

The Bank is subject to income taxes in Myanmar. In determining income tax liabilities, management is required to estimate the amount of 2% general loan loss provision and the deductibility of certain expenses ("uncertain tax positions").

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Bank recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the Bank makes adjustment for such differences in the income tax of the period in which such determination is made.

4. FINANCIAL INSTRUMENTS

4.1 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period.

<i>In millions</i>	September 30, 2021	September 30, 2020
	MMK	MMK
Financial Assets		
<u>Loans and receivables:</u>		
Cash on hand and at banks	496,239.24	293,876.22
Interbank placements	25,258.00	154,583.00
Loans and advances, net	1,672,652.24	1,980,729.88
Other assets	22,970.35	28,028.99
<u>Held-to-maturity investments:</u>		
Investment securities	-	500.00
<u>Available for sale investments:</u>		
Investment securities	491,975.04	781,822.12
<u>Fair value through profit or loss:</u>		
Other assets	-	438.30
	<u>2,709,094.87</u>	<u>3,239,978.51</u>
Financial Liabilities		
<u>Other financial liabilities:</u>		
Due to non-bank customers	2,431,339.66	3,000,005.99
Interbank deposits	1,454.20	587.90
Funds restricted for LIFT-AFP	982.67	996.30
Borrowing	61,562.60	-
Accruals and other liabilities	33,435.25	48,376.76
<u>Fair value through profit or loss:</u>		
Accruals and other liabilities	2,232.87	-
	<u>2,531,007.25</u>	<u>3,049,966.95</u>

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**

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.

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

Except for long term Government treasury bonds which are classified as held-to-maturity, management considers that the carrying amounts of the financial assets and liabilities of the Bank recorded as amortised cost in the financial statements approximates their fair value, due to the relative short-term maturity of those financial instruments or the interest rate is frequently reviewed.

5. FINANCIAL RISK MANAGEMENT

The Bank's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Bank's business while managing its risks. The Bank's activities are principally related to extending loans and advances, accepting deposits and carrying out transactions. These expose the Bank to a variety of financial risks, including foreign exchange risk, interest rate risk, credit risk and liquidity risk.

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

The Bank's Board of Directors have delegated operational authority for asset/liability management and managing of market risks to the Asset/Liability Committee ("ALCO"). The ALCO seeks to identify, measure, and manage the key risk exposures to market prices, interest rates, foreign exchange rates, liquidity and capital adequacy within the Bank's desired risk appetite in accordance with the Bank's Asset Liability Management ("ALM") policy.

The Bank believes that it has effective processes in place to identify, measure, monitor and ultimately, mitigate these financial risks. There has been no change to the Bank's exposure to these financial risks or the manner in which it manages and measures the risk.

5.1 Credit Risk

Credit risk is the risk of financial loss that results from customers failing to meet their obligations. Credit risk arises primarily from lending activities and represents the major risk of the Bank. The Board of Directors of the Bank approves major policies and limits that govern monitoring of the credit risk. The Board of Directors delegates authority to the Credit Committee for overseeing the credit risk of the Bank. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk acceptable in relation to one borrower, or group of borrowers and industry segments. Such risks are monitored on a regular basis and are subject to annual or more frequent review. Limits on the single customer, by group of customers and by industry sectors were adopted by the Bank for monitoring of the credit risks.

The Bank employs 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 a 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, equipment, contract financing, guarantees, project contracting and residential properties.

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 is valued by an independent assessor is based on valuation techniques commonly used for the corresponding assets, done before the inception of the loan and advances. Loans are usually given between the margins of 50% to 70% of the Forced Sale Value, which is also independently estimated. There is periodic revaluation of the collaterals in subsequent periods and at the renewal/roll-over of a loan, the customer is questioned about any changes to the collateral at which point the need for a reappraisal will be decided.

The credit risk management and control are centralized with the Credit Committee, which reports to the Board of Directors on a monthly basis. Exposure to credit risk is also managed through

regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

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

Credit-related commitments risks

The Bank makes available to its customers guarantees that may require that the Bank makes payment on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Bank to similar risks to loans and are mitigated by the same control processes and policies.

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**

5.1 Credit Risk (CONT'D)

Maximum exposure to credit risk

The following table presents the Bank's maximum exposure to credit risk at the end of the 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 the carrying amount of these instruments 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 the 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 customers.

<i>In millions</i>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
	MMK	MMK
Cash at banks	205,806.27	193,911.54
Interbank placements	25,258.00	154,583.00
Investment securities	491,975.04	782,322.12
Loan and advances, net	1,672,652.24	1,980,729.88
Other assets	22,351.89	28,467.29
Off-balance sheet		
Contingent liabilities	41,861.82	46,257.90
Undrawn loan commitments	127,983.13	160,117.04
Total maximum exposure to credit risk	<u>2,587,888.39</u>	<u>3,346,388.77</u>

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**
5.1 Credit Risk (CONT'D)
Collateral and other credit enhancements

In respect of the Bank's deposits 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 Bank seeks to use collateral to mitigate its risks on financial assets. The collateral comes in various forms such as cash, real estate, inventories, and other non-financial assets. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Bank's statutory reporting schedule.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Non-financial collateral, such as real estate, is valued based on data provided by approved third party property assessors or other independent sources.

Where collaterals are repossessed, the Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value or fair value less cost to sell for non-financial assets at the repossession date in line with the Bank's policy.

As at September 30, 2021 and 2020, the fair value of collateral that the Bank holds relating to impaired loans with specific provision under the Loss category amounts to MMK 73.35 billion and MMK 75.05 billion, respectively.

Credit risk by industry

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

<i>In millions</i>	September 30, 2021	September 30, 2020
	MMK	MMK
Agricultural	24,214.87	32,119.29
Construction	34,085.35	35,751.81
Manufacturing	350,562.89	400,073.69
Service	284,263.29	289,463.42
Trading	551,907.59	671,607.43
Transportation	27,449.17	31,020.12
General & hire purchase	236,007.37	314,876.55
Housing loan	152,408.49	154,578.87
Digital credit	21,350.49	49,143.03
Trade finance	74,717.29	43,595.06
Total	1,756,966.80	2,022,229.27
Partial payments on NPLs	(1,441.91)	(1,659.41)
Specific allowance	(82,872.65)	(39,839.98)
Net	1,672,652.24	1,980,729.88

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**

5.1 Credit Risk (CONT'D)

<i>In millions</i>	September 30, 2021 MMK	September 30, 2020 MMK
Undrawn loan commitments:		
Agricultural	3,515.23	645.79
Construction	1,543.54	3,361.66
Manufacturing	17,587.79	29,738.50
Service	8,772.82	12,137.64
Trading	33,952.42	59,383.07
Transportation	451.97	1,410.03
Trade Finance	62,159.36	53,440.35
Net	127,983.13	160,117.04

Credit quality of loans and advances

The Bank adopts an internally developed credit rating scale, which generally corresponds to the classification set out in the CBM Notification No. 17/2017 *Asset Classification and Provisioning Regulations*. The following table sets out the credit classification of the Bank's loans and advances as at September 30, 2021 and 2020.

<i>In millions</i>	September 30, 2021 MMK	September 30, 2020 MMK
Neither past due nor impaired	1,095,767.64	1,750,858.28
Past due but not impaired		
Standard	68,894.97	111,609.20
Watch	17,306.91	21,615.54
Substandard	21,252.23	10,861.46
Doubtful	19,007.35	9,793.43
Loss	55,736.33	25,984.71
Total past due but not impaired	182,197.79	179,864.34
Loans with specific provision		
Standard	220,195.59	6,043.87
Watch	44,726.45	23,671.90
Substandard	35,287.09	12,164.64
Doubtful	63,302.03	4,416.78
Loss	115,490.21	45,209.46
Total loans with specific provision	479,001.37	91,506.65
	1,756,966.80	2,022,229.27

All other financial assets are neither past due nor impaired as of reporting date.

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**
5.2 Liquidity Risk

Liquidity risk is the risk that the Bank is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sales of assets, or potentially an inability to fulfil lending commitments. The risk that the Bank will be specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

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 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.

As part of its liquidity risk management framework set by CBM regulations and the ALCO, the Bank is required to maintain adequate liquid assets to manage its short-term liquidity. The Bank relies for its short-term liquidity on investments in government securities, interbank placements and holding cash reserves. This serves to ensure full cash inflows are available to meet customer withdrawals upon maturity or earlier.

The tables below set out the remaining contractual maturities of the Bank's non-derivative financial assets and financial liabilities on an undiscounted basis.

<i>In millions</i>	September 30, 2021			
	Less than 1	More than 1	No specific	Total
	Year	Year	for maturity	
	MMK	MMK	MMK	MMK
Non-derivative financial assets				
Cash on hand and at banks	496,239.24	-	-	496,239.24
Interbank placements	25,258.00	-	-	25,258.00
Loans and advances, net	1,672,652.24	-	-	1,672,652.24
Investment securities	256,108.71	233,235.74	2,630.59	491,975.04
Other assets	22,351.89	618.46	-	22,970.35
Total	2,472,610.08	233,854.20	2,630.59	2,709,094.87
Non-derivative financial liabilities				
Due to non-bank customers	2,431,339.66	-	-	2,431,339.66
Interbank liabilities	1,454.20	-	-	1,454.20
Funds segregated for LIFT-AFP	-	982.67	-	982.67
Borrowing	61,562.60	-	-	61,562.60
Accruals and other liabilities	33,435.25	-	-	33,435.25
Total	2,527,791.71	982.67	-	2,528,774.38

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**

5.2 Liquidity Risk(CONT'D)

<i>In Kyats millions</i>	September 30, 2020			Total MMK
	Less than 1 Year	More than 1 Year	No specific for maturity	
	MMK	MMK	MMK	
Non-derivative financial assets				
Cash on hand and at banks	293,876.22	-	-	293,876.22
Interbank placements	154,583.00	-	-	154,583.00
Loans and advances, net	1,980,729.88	-	-	1,980,729.88
Investment securities	544,158.14	235,535.95	2,628.03	782,322.12
Other assets	27,480.98	548.01	-	28,028.99
Total	3,000,828.22	236,083.96	2,628.03	3,239,540.21
Non-derivative financial liabilities				
Due to non-bank customers	3,000,005.99	-	-	3,000,005.99
Interbank liabilities	587.90	-	-	587.90
Funds segregated for LIFT-AFP	-	996.30	-	996.30
Accruals and other liabilities	48,376.76	-	-	48,376.76
Total	3,048,970.65	996.30	-	3,049,966.95

The Bank monitors and maintains a level of bank balances deemed adequate by the directors to finance the operation and mitigate the effects of fluctuation in cash flow. In addition, the Bank maintains a statutory deposit with the CBM which should not be less than 5.00% of deposits. The Bank regularly monitors its liquidity position to ensure also compliance with the 70% to 80% loan to deposit ratio (with upper limit of 80% for strict compliance) as mandated by the CBM as per Financial Institution Supervision Department ("FISD") Instruction No. (1/2008). The ratios during the year are as follows:

	September 30, 2021	September 30, 2020
Year-end	72.22%	67.39%
Maximum	78.30%	75.22%
Minimum	66.49%	67.39%
Average	71.56%	71.60%

The Bank's liquidity ratios as of September 30, 2021 and 2020 were 39.39% and 37.27%, respectively, and hence more than 20% requirement of the CBM as per Notification No. (19/2017).

On February 16, 2021, CBM has issued Instruction No. 3/2021 for the temporary amendment in percentage of securities with more than one year maturity to be increased from 50% to 100% in the calculation method of liquidity ratio. The instruction is effective from May 7, 2021 till September 30, 2021. As at September 30, 2021, the Bank is in compliance with the said instruction.

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**

5.3 Interest Rate Risk

Interest rate risk arises from the potential change in interest rates which may have an adverse effect on the net interest income of the Bank in the current reporting period, and/or future periods. Interest rate risk arises from the structure and characteristics of the Bank's assets and liabilities, and in the mismatch in repricing dates of its assets and liabilities.

The Bank is not significantly exposed to interest rate risk since all of its financial assets and liabilities are subject to fixed interest rates.

5.4 Foreign exchange risk

Foreign currency risk arises from the exposure to the effects of fluctuation in the prevailing foreign currency exchange rates to earnings and economic value of foreign currency assets and liabilities. The Bank's foreign exchange exposures comprise of trading and non-trading. Non-trading foreign exchange exposures are principally derived from international banking business and foreign currency held due to LIFT-AFP.

Foreign exchange risk is managed through policies and risk limits such as exposure by currency, which are regularly monitored by the ALCO of the Bank.

Presented below is the Net Open Position (NOP) of the Bank as of September 30, 2021 and 2020, respectively, based on CBM's instruction No. (14/2016) dated 27 December 2016.

<i>In millions</i>	September 30, 2021		
	Assets	Liabilities	Net open position
	MMK	MMK	MMK
United States Dollar	217,283.24	189,401.26	27,881.98
Euro	4,482.87	3,905.83	577.04
Singapore Dollar	290.36	75.81	214.55
Japanese Yen	87.66	0.40	87.26
Others	7.63	0.12	7.51
Total	222,151.76	193,383.42	28,768.34
Total Tier I capital	196,188.44		

<i>In millions</i>	September 30, 2020		
	Assets	Liabilities	Net open position
	MMK	MMK	MMK
United States Dollar	134,670.88	126,920.75	7,750.13
Euro	3,842.17	2,308.09	1,534.08
Singapore Dollar	225.25	51.13	174.12
Japanese Yen	7.42	0.29	7.13
Others	5.29	0.08	5.21
Total	138,751.01	129,280.34	9,470.67
Total Tier I capital	188,276.65		

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2021

5.4 Foreign exchange risk (CONT'D)

NOP ratios as a percentage of Tier I capital as of September 30, 2021 and 2020 are as follows:

	September 30, 2021	September 30, 2020
NOP ratio	14.66 %	5.03%

Currency sensitivity

The following table details the sensitivity to a change in the relevant foreign currencies against the functional currency of the Bank. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusted for their translation at the period end for the change in foreign currency rates below.

The following table sets out the increase (decrease) to the Bank's profit before tax arising from a 10% appreciation of the relevant foreign currency against the functional currency of the Bank. A 10% depreciation will have the opposite impact to the Bank's profit before tax.

<i>In millions</i>	September 30, 2021 MMK	September 30, 2020 MMK
USD	2,788.20	775.01
EUR	57.70	153.41
SGD	21.46	17.41
JPY	8.73	0.71
Others	0.75	0.52

The analysis calculates the effect of a reasonably possible movement of the currency rate against MMK, with all other variables held constant on profit before tax. A negative amount reflects a potential net reduction in profit before tax while a positive amount reflects a net potential increase. There is no other impact on the Bank's equity other than those already affecting the profit or loss.

5.5 Operational risk

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

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

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

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**
5.6 Legal and compliance risk

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

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

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

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

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.

<i>In millions</i>	September 30, 2021 MMK	September 30, 2020 MMK
Tier 1 capital	196,188.44	188,276.65
Less: Related Party lending	7,629.39	-
Total Tier 1 Capital	188,559.05	188,276.65
Tier 2 capital	32,790.46	36,137.20
Total capital	221,349.51	224,413.85
Risk weighted assets	1,734,871.89	2,002,610.65
Tier 1 capital ratio	10.87%	9.40%
Capital adequacy ratio (CAR)	12.76%	11.21%
Minimum tier 1 CAR	4.00%	4.00%
Minimum regulatory CAR	8.00%	8.00%

On July 7, 2017, CBM has issued Instruction No. 16/2017 for the revised method of capital adequacy ratio calculation and its related components. This new instruction has significantly increased the composition of the risk weighted assets subjecting most of the loans to 100% risk weight including the off-balance sheet items. In addition, for the capital components, general loss reserve on credit losses has been limited to the lower of 1.25% of the total risk weighted assets and 2% general loss reserve on credits. Total equity investment and related party lending are also removed from the capital calculation. The regulation is effective immediately from the date of the issuance.

On October 10, 2018, the CBM approved the request of the Bank for converting the International Finance Corporation (IFC)'s convertible loan amounting to MMK 4.23 billion (out of MMK 4.86 billion) to 145,029 equity shares of the Bank. It was converted on May 23, 2019.

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**
6 CAPITAL MANAGEMENT (CONT'D)

On July 18, 2019, the CBM approved the request of the Bank for converting IFC's remaining convertible loan amounting to MMK 474.60 million to 3,643 equity shares of the Bank. It was converted on August 30, 2019.

Additionally, the Bank has received total share subscription of MMK 54.00 billion which was approved by CBM on May 29, 2020 and has been used to increase the Bank's share capital by issuing new shares to the investor. As of September 30, 2021, the Bank is compliant with the CAR requirement as per CBM notification 16/2017 dated July 7, 2017.

The Bank's overall strategy for capital management remains unchanged from September 30, 2020.

7 RELATED PARTY TRANSACTIONS
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 during the year:

<i>In millions</i>	For the year ended September 30, 2021	For the year ended September 30, 2020
	MMK	MMK
Salaries, wages and other benefits	6,590.68	3,624.80
Share-based payment expense (reversal), net	(96.86)	1,066.70
Benefit in kind	93.38	3.00

Transactions with Related Parties

For the purpose of these financial statements, parties are considered to be related to the Bank if the Bank has the ability, directly or indirectly, to control the party or exercise significant influences over the party in making financial and operating decisions, or vice versa, or where the Bank and the party are subject to common control or common significant influences. Related parties may be individuals or other entities.

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**

7 RELATED PARTY TRANSACTIONS (CONT'D)

All related party transactions were made in the ordinary course of business on an arm's length basis. In addition to information disclosed elsewhere in the financial statements, the following tables set out other significant transactions and balances with related parties:

<i>In millions</i>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
	MMK	MMK
Loans and advances (Performance Guarantee)	7,629.39	-
Deposits	169,849.58	35,726.56

<i>In millions</i>	<u>For the year ended September 30, 2021</u>	<u>For the year ended September 30, 2020</u>
	MMK	MMK
Gain on disposal of available-for-sale investments (Note 21)	-	7,306.43
Other income	96.15	38.50
Total income	96.15	7,344.93

<i>In millions</i>	<u>For the year ended September 30, 2021</u>	<u>For the year ended September 30, 2020</u>
	MMK	MMK
Interest expense on deposits	5,306.91	7.78
Rental expense	637.66	494.89
General and administrative expenses	315.48	581.41
Other expenses	238.79	-
Total expenses	6,498.84	1,084.08

Rental expenses were paid to the following:

<i>In millions</i>	<u>For the year ended September 30, 2021</u>	<u>For the year ended September 30, 2020</u>
	MMK	MMK
Yoma Fleet Limited	567.26	431.36
FMI Garden Development Limited	50.82	46.20
Thanlyin Estate Development Limited	18.18	17.33
Yoma Siloam Hospital Pun Hlaing Ltd	1.40	-
	637.66	494.89

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**

7 RELATED PARTY TRANSACTIONS (CONT'D)

General and administrative expenses include various operational charges from the following:

<i>In millions</i>	For the year ended September 30, 2021	For the year ended September 30, 2020
	MMK	MMK
Greenwood Capital Private Limited	-	417.26
Pun Hlaing International Hospital Limited	305.15	146.62
Thanlyin Estate Development Limited	6.58	9.29
FMI Garden Development Limited	2.24	8.24
Pun Hlaing Lodge Hotel Management Limited	1.51	-
	<u>315.48</u>	<u>581.41</u>

Other expenses include charges from the following:

<i>In millions</i>	For the year ended September 30, 2021	For the year ended September 30, 2020
	MMK	MMK
Digital Money Myanmar Limited	233.00	-
Pun Hlaing International Hospital	5.79	-
	<u>238.79</u>	<u>-</u>

8 CASH ON HAND AND AT BANKS

<i>In millions</i>	September 30, 2021	September 30, 2020
	MMK	MMK
Cash on hand	290,432.97	99,964.68
Cash and balances with CBM	98,660.91	160,864.27
Cash with banks and other financial institutions	107,145.36	33,047.27
	<u>496,239.24</u>	<u>293,876.22</u>

Pursuant to the CBM Notification No. 10/2015 on Minimum Reserve Requirement, the Bank is required to maintain a minimum reserve of 5% on total deposit balances for both local and foreign currency deposits. Effective from October 1, 2020 to March 31, 2021, the minimum reserve requirement was reduced to 3.5% for local currency pursuant to CBM Instruction No. 10/2020 dated September 22, 2020. During the year, CBM issued temporary amendment for Minimum Reserve Requirement Notification No. 2/2021 dated on February 16, 2021 to reduce 3% for local currency and to extend the effective period till September 30, 2021. As at September 30, 2021, the Bank's actual closing balance average of the reserve requirement cycle per CBM instruction from September 15, 2021 to October 12, 2021 is in compliance with the minimum requirement.

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**

8 CASH ON HAND AND AT BANKS (CONT'D)

Cash and cash equivalents at the end of the year as shown in the statements of cash flows can be reconciled to the related items as follows:

<i>In millions</i>	September 30, 2021 MMK	September 30, 2020 MMK
Cash on hand and at banks	496,239.24	293,876.22
Interbank placements	14,000.00	71,444.50
	<u>510,239.24</u>	<u>365,320.72</u>

Interbank placements with maturity of three months or less from the date of acquisition are considered as cash equivalents since these are short-term, highly liquid placements that are readily convertible to known amount of cash and are subject to an insignificant risk of change in value.

9 INVESTMENT SECURITIES

<i>In millions</i>	September 30, 2021 MMK	September 30, 2020 MMK
--------------------	---------------------------	---------------------------

Held-to-maturity investments:

Myanmar Treasury bonds	-	500.00
------------------------	---	--------

Available-for-sale investments:

Myanmar Treasury bonds	279,195.25	337,511.50
Myanmar Treasury bills	210,149.20	441,682.59
Investment in Digital Money Myanmar	2,364.93	2,364.93
Investment in Myanmar Payment Union	200.00	200.00
Investment in Myanmar ICT Development Corporation Limited (MICT)	56.50	56.50
Investment in SWIFT	8.12	5.56
Investment in Myanmar Credit Bureau	1.04	1.04
	<u>491,975.04</u>	<u>781,822.12</u>
	<u>491,975.04</u>	<u>782,322.12</u>

<i>In millions</i>	September 30, 2021 MMK	September 30, 2020 MMK
--------------------	---------------------------	---------------------------

Current	258,739.30	544,158.14
Non-current	233,235.74	238,163.98

No impairment losses were incurred for the year ended September 30, 2021 and 2020.

Available-for-sale securities consists of government securities and unquoted equity investments.

The Bank has recognised dividend income from Myanmar ICT Development Corporation Limited amounting to MMK 3.39 million and MMK 6.78 million for the year ended September 30, 2021 and 2020.

YOMA BANK LIMITED
**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**
10 LOANS AND ADVANCES, NET

<i>In millions</i>	September 30, 2021	September 30, 2020
	MMK	MMK
Demand loans	931,703.65	1,101,376.78
Digital credit	21,350.50	49,087.33
Overdrafts	340,779.50	358,714.67
Hire purchase	184,036.02	252,996.79
Home loan	152,408.49	154,578.87
Hire purchase – Agri Finance Product (AFP)	50,774.39	60,261.62
Staff loans	1,196.95	1,618.14
Trade financing	74,717.30	43,595.07
Loans and advances, gross	1,756,966.80	2,022,229.27
Less: partial payments on NPLs	(1,441.91)	(1,659.41)
Sub total	1,755,524.89	2,020,569.86
Less: Specific allowance		
Loans and advances per CBM regulation	(62,242.55)	(23,839.98)
Loans and advances on restructured program ⁽³⁾	(20,630.10)	-
Future losses ⁽¹⁾	-	(16,000.00)
Loans and advances, net	1,672,652.24	1,980,729.88

The specific allowance includes loans and advances and LIFT-AFP:

<i>In millions</i>	September 30, 2021	September 30, 2020
	MMK	MMK
Specific provision	76,570.33	33,867.66
Other provision	144.97	144.97
LIFT-AFP	6,157.35	5,827.35
	82,872.65	39,839.98

Details of loans and advances allowance for impairment losses by collectability are as follows:

<i>In millions</i>	September 30, 2021		September 30, 2020	
	Principal	Specific Allowance	Principal	Specific Allowance
	MMK	MMK	MMK	MMK
Standard	1,384,858.20	13,154.96	1,868,511.35	1,312.01
Watch	62,033.36	234.22	45,287.44	1,563.24
Substandard	56,539.32	3,877.54	23,026.10	1,040.12
Doubtful	82,309.38	21,139.54	14,210.21	1,171.48
Loss	171,226.54	44,466.39	71,194.17	18,753.13
Specific provision for future losses ⁽¹⁾	-	-	-	16,000.00
	1,756,966.80	82,872.65	2,022,229.27	39,839.98

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**

10 LOANS AND ADVANCES, NET (CONT'D)

During the year, the Bank has recognised specific provision on restructured loans and advances amounting to MMK 20.63 billion for the year ended September 30, 2021.

A reconciliation of the specific allowance for impairment losses for the loans and advances is presented below. Total balance at the end of the year includes LIFT-AFP Fund balances amounting to MMK 6.16 billion and MMK 5.83 billion as of September 30, 2021 and September 30, 2020, respectively, which is to be held as a loan loss buffer, the money for which is provided by LIFT. As such, total specific provision for loans and advances, and other provision for restructured loans are MMK 76.72 billion and MMK 34.01 billion as of September 30, 2021 and 2020, respectively.

<i>In millions</i>	September 30, 2021 MMK	September 30, 2020 MMK
Balance at beginning of year	39,839.98	19,538.26
Specific provision on loans and advances charged for the year	49,771.16	12,401.53
Specific provision on restructured loans and advances charged for the year ⁽³⁾	20,630.10	-
Specific provision for future losses charged for the year ⁽¹⁾	(16,000.00)	16,000.00
Adjustment for restructured loans	-	137.04
Write-off during the year	(11,986.11)	(8,086.35)
Adjustment for foreign exchange difference	287.52	(103.70)
Total allowance for impairment losses by collectability	82,542.65	39,886.78
Transferred to LIFT-AFP ⁽²⁾	330.00	(46.80)
Balance at end of year	82,872.65	39,839.98

⁽¹⁾ In September 30, 2020, the Bank recognised additional specific provision for future losses on loans and advances as a result of COVID-19 totaling to MMK 16.00 billion. This additional provision is on top of provision under CBM requirements. Due to the uncertainty and deteriorating impact of the economy due to COVID-19, the Bank expects higher risk of default of its loans and advances. In September 30, 2021, the Bank has re-classified specific provision for future losses on loans and advances to specific provision on restructured loans and advances charged for the year.

⁽²⁾ In 2018, the Bank and the Fund has agreed to transfer AFP fund amounting to MMK 6.59 billion as part of the specific provision. For the year ended September 30, 2021, the Bank has reversed the provision amounting to MMK 330.00 million and for the year ended September 30, 2020, the Bank has used MMK 46.80 million, respectively, for its HP AFP product.

⁽³⁾ As at September 30, 2021, the Bank had provided an additional specific provision amounting to MMK 20.63 billion on restructured loan portfolios based on management's assessment determining additional specific provision as per 2.4.5.2 : *Specific provision for restructured loan portfolios* and had re-classified previously recognized specific provision for future losses of MMK 16.00 billion to the current year.

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**

11 PROPERTY AND EQUIPMENT

<i>In millions</i>	Land MMK	Building MMK	Office equipment MMK	Furniture and fitting MMK	Motor vehicle MMK	Leasehold improvements MMK	Total MMK
<u>Cost</u>							
At October 1, 2020	11,702.38	10,808.11	20,468.69	2,880.53	2,902.51	6,806.87	55,569.09
Additions	30.00	162.47	3,261.72	85.59	22.80	1,897.07	5,459.65
Disposal	-	-	(15.90)	-	-	-	(15.90)
Adjustment	-	-	(61.69)	-	-	(1,545.45)	(1,607.14)
Write-offs	-	-	(115.48)	(36.28)	(2.84)	-	(154.60)
At September 30, 2021	11,732.38	10,970.58	23,537.34	2,929.84	2,922.47	7,158.49	59,251.10
<u>Accumulated depreciation</u>							
At October 1, 2020	-	77.53	8,901.91	589.96	2,087.02	3,396.24	15,052.66
Charge for the financial year	-	166.70	2,752.83	138.74	301.40	1,539.95	4,899.62
Disposals	-	-	(13.25)	-	-	-	(13.25)
Adjustment	-	-	-	-	-	(1,545.45)	(1,545.45)
Write-offs	-	-	(88.41)	(10.82)	(2.80)	-	(102.03)
At September 30, 2021	-	244.23	11,553.08	717.88	2,385.62	3,390.74	18,291.55
Carrying amount at September 30, 2021	11,732.38	10,726.35	11,984.26	2,211.96	536.85	3,767.75	40,959.55

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**

11 PROPERTY AND EQUIPMENT (CONT'D)

<i>In millions</i>	Land	Building	Office equipment	Furniture and fitting	Motor vehicle	Leasehold improvements	Total
	MMK	MMK	MMK	MMK	MMK	MMK	MMK
<u>Cost</u>							
At October 1, 2019	4,853.38	6,486.43	17,141.11	2,707.29	2,931.95	6,416.39	40,536.55
Additions	-	655.41	3,772.07	250.91	3.53	1,773.62	6,455.54
Disposal	-	-	(8.53)	-	(29.00)	-	(37.53)
Adjustment	-	40.95	(8.89)	-	-	(1,383.14)	(1,351.08)
Write-offs	-	(5.26)	(427.07)	(77.67)	(3.97)	-	(513.97)
Revaluation adjustment	6,849.00	3,630.58	-	-	-	-	10,479.58
At September 30, 2020	11,702.38	10,808.11	20,468.69	2,880.53	2,902.51	6,806.87	55,569.09
<u>Accumulated depreciation</u>							
At October 1, 2019	-	556.75	6,741.63	479.41	1,772.51	3,295.68	12,845.98
Charge for the financial year	-	106.36	2,454.05	135.12	347.41	1,483.70	4,526.64
Disposals	-	-	(8.53)	-	(29.00)	-	(37.53)
Adjustment	-	40.95	-	-	-	(1,383.14)	(1,342.19)
Write-offs	-	(1.54)	(285.24)	(24.57)	(3.90)	-	(315.25)
Revaluation adjustment	-	(624.99)	-	-	-	-	(624.99)
At September 30, 2020	-	77.53	8,901.91	589.96	2,087.02	3,396.24	15,052.66
Carrying amount at September 30, 2020	11,702.38	10,730.58	11,566.78	2,290.57	815.49	3,410.63	40,516.43

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**

12 SOFTWARE, LICENSES AND RIGHTS

<i>In millions</i>	Computer software MMK	Licenses & rights MMK	Total MMK
<u>Cost</u>			
At October 1, 2020	5,991.39	3,401.13	9,392.52
Additions	2,478.35	1,066.37	3,544.72
Adjustments	(1,872.34)	-	(1,872.34)
At September 30, 2021	6,597.40	4,467.50	11,064.90
<u>Amortisation</u>			
At October 1, 2020	3,404.54	1,274.99	4,679.53
Charged during the year	1,161.19	456.72	1,617.91
Adjustments	(1,872.34)	-	(1,872.34)
At September 30, 2021	2,693.39	1,731.71	4,425.10
Carrying amount at September 30, 2021	3,904.01	2,735.79	6,639.80

<i>In millions</i>	Computer software MMK	Licenses & rights MMK	Total MMK
<u>Cost</u>			
At October 1, 2019	5,558.40	2,256.30	7,814.70
Additions	457.08	1,144.83	1,601.91
Write-off	(24.09)	-	(24.09)
At September 30, 2020	5,991.39	3,401.13	9,392.52
<u>Amortisation</u>			
At October 1, 2019	2,255.76	654.43	2,910.19
Charged during the year	1,161.35	620.56	1,781.91
Write-off	(12.57)	-	(12.57)
At September 30, 2020	3,404.54	1,274.99	4,679.53
Carrying amount at September 30, 2020	2,586.85	2,126.14	4,712.99

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**

13 OTHER ASSETS

<i>In millions</i>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
	MMK	MMK
Prepaid expenses	33,335.20	15,143.55
Interest receivable from investments	9,006.94	14,498.75
Reposessed properties, net (2)	970.03	1,138.33
Account receivable – others	147.17	348.02
Deferred rent	4.97	63.47
Interest receivable from loan customers, net ⁽¹⁾	13,197.77	12,634.20
Derivative assets	-	438.30
	<u>56,662.08</u>	<u>44,264.62</u>

(1) Interest receivable from loan customers, net consists of the following:

<i>In millions</i>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
	MMK	MMK
Interest receivable from loan customers	17,758.11	13,329.02
Sundry deposit – interest in suspense	(4,560.34)	(694.82)
	<u>13,197.77</u>	<u>12,634.20</u>

(2) The Bank took possession of properties (land and building) which were held as security for defaulted loan. The reposessed properties were carried at the lower of the carrying amount of the loan outstanding and fair value of the property. The reposessed properties will be sold as soon as practicable, at auction, to settle the outstanding debt. Details of reposessed properties as of September 30, 2021 and 2020 are as follows:

<i>In millions</i>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
	MMK	MMK
Cost	1,067.05	2,909.79
Specific provision	(97.02)	(1,771.46)
	<u>970.03</u>	<u>1,138.33</u>

A reconciliation of the specific allowance for impairment losses for the reposessed properties is presented below:

<i>In millions</i>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
	MMK	MMK
Balance at beginning of year	1,771.46	2,329.06
Charge for the year	(427.50)	423.97
Write off	(1,246.94)	(981.57)
Balance at end of year	<u>97.02</u>	<u>1,771.46</u>

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**

14 DUE TO NON-BANK CUSTOMERS

<i>In millions</i>	September 30, 2021	September 30, 2020
	MMK	MMK
Fixed deposits	680,729.10	993,603.29
Savings deposits	635,624.06	845,311.09
Call deposits	466,440.62	864,382.51
Flexi cash deposits	257,037.21	-
Current deposits	148,648.34	113,200.97
Foreign currency	124,046.93	89,497.00
Smart account	58,830.98	61,605.35
Super fixed deposit	46,831.39	-
J zu account	13,105.34	32,405.77
Connect account - wave	45.69	-
	<u>2,431,339.66</u>	<u>3,000,005.99</u>

15 FUNDS RESTRICTED FOR LIFT-AFP

On December 18, 2015, the Bank signed a grant support agreement ("LIFT Agreement") with the Livelihoods and Food Security Trust Fund ("LIFT"), which is a multi-donor trust fund managed by the United Nations Office for Project Services ("UNOPS") to implement two programs – Partial Risk Guarantee Fund ("PRGF") and Individual Development Accounts ("IDA"). Based on the amendment on December 19, 2017, the amount for the AFP has been amended from USD 12.50 million to USD 12.20 million, for the IDA from USD 4.00 million to USD 2.50 million and indirect costs of the Bank to implement the two programs.

On October 30, 2018, the Bank and UNOPS agreed on the formal proposal for a no-cost extension of the AFP through December 31, 2019. The implementation strategy and budget categories remain unchanged from the revised budget.

As part of the AFP, per the LIFT Agreement, a PRGF will guarantee a portion of the Bank's agricultural hire purchase lending and under secured lending. Per the agreement, the Bank may reclassify the PRGF as part of the "reserve for bad and doubtful debts". IDA funds can be utilized by the Bank to implement a small savings deposit program to promote financial inclusion.

All AFP expenses are recorded in profit or loss based on the nature of the expense incurred for LIFT-AFP.

<i>In millions</i>	September 30, 2021	September 30, 2020
	MMK	MMK
AFP foreign currency deposits (Individual Development Account savings fund)	-	155.69
Rural Women Digital Finance deposits (expense funds)	891.38	826.87
AFP foreign currency deposits (operating expense funds)	91.29	13.74
	<u>982.67</u>	<u>996.30</u>

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**

16 ACCRUALS AND OTHER LIABILITIES

<i>In millions</i>	September 30, 2021 MMK	September 30, 2020 MMK
Interest payable to depositors	12,079.10	22,950.33
Tax Provision	8,564.43	5,927.98
Accrued expenses	5,564.11	11,194.99
Sundry deposit	4,833.68	6,034.81
Unclaimed liabilities	4,256.91	4,058.32
Payment order	3,822.52	1,078.27
Derivative liabilities ⁽³⁾	2,232.87	-
Deferred revenue	1,780.50	3,980.28
Remittance in transit	1,593.70	250.51
Other provision	1,116.18	1,125.24
Share-based payment liabilities ⁽¹⁾	1,034.89	1,066.70
Card/CBM net settlement account	178.00	1,704.76
Accrual unearned account - penalty interest	109.01	109.01
Other long-term employee benefits ⁽²⁾	55.00	-
Gift cheque account	17.33	12.97
Debit note issued account	-	25.10
	47,238.23	59,519.27

⁽¹⁾ Details of share-based payment liabilities are as follows:

<i>In millions</i>	September 30, 2021 MMK	September 30, 2020 MMK
Senior Executive Scheme	753.00	1,066.70
Senior Leadership Scheme	281.89	-
	1,034.89	1,066.70

Senior Executive Scheme (SES)

The Board of Directors approved a share option scheme for selected senior executives of the Bank. In accordance with the terms of the plan, selected senior executives are granted options to purchase ordinary shares at an exercise price of USD\$ 1 per ordinary share.

Each share option converts into the allotted number of shares ("Scheme Shares") specified in the option subject to conditions. No amounts are paid or payable by the recipient on receipt of the option. The options are entitled to amounts equivalent to the dividends declared and do not carry voting rights. Options are only exercisable upon occurrence of either public listing of the Bank, investment of certain value by an investor or termination of employment on the grounds provided in the rules of the share option scheme.

In the event that the required approvals, registration, consents, authorization or permission could not be obtained, or there is change in law or other rules and regulation that prevents issuance of allotted shares, the option will be settled in cash equivalent to the fair value of the allotted shares. Vested options may also be converted to cash at the option of the selected senior executives in case of employment termination by mutual agreement, voluntary resignation, death, disability or redundancy.

YOMA BANK LIMITED**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021****16 ACCRUALS AND OTHER LIABILITIES (CONT'D)**

Details of share-based payment arrangements in existence and share options during the year are as follows:

- Grant date: September 30, 2020 and October 1, 2020
- Scheme Shares to be issued pursuant to options granted: 29,802 and 4,978
- Subscription price: USD\$1

	September 30, 2021	September 30, 2020
	Number of Scheme Shares	Number of Scheme Shares
Outstanding at beginning of the year	29,802	-
Scheme Shares granted during the year	10,554	29,802
Scheme Shares forfeited during the year	(35,378)	-
Outstanding at end of the year	4,978	29,802
Exercisable at end of the year	-	-

The fair value of options granted on September 30, 2020 was MMK 151,263 per share which was determined using the intrinsic value approach. In determining the intrinsic value of the shares, the Bank used the market multiple approach by referencing to recent market transactions. Management believes that the fair value of the options on grant date is not materially different from the fair value as of September 30, 2021.

All outstanding Scheme Shares as of September 30, 2020 have already vested during the year.

For the year ended September 30, 2021, the Bank recognised a reversal of MMK 313.70 million (2020: total expense of MMK 1.07 billion) related to SES (Note 23).

Senior Leadership Scheme (SLS)

The Bank issued to certain senior leadership personnel Bonus Unit Awards ("Unit Awards") that require the Bank to pay a target value of each vested Unit Award equal to either (1) the price per share in the stock exchange market, if the Bank becomes a listed entity; or (2) book value per share, if the Bank remains a private company. The Unit Awards have a vesting period of three years from January 1, 2021 and are subject to certain performance conditions. Unit Awards granted to senior leadership personnel totaled to 15,600 units. The value of each Unit Award is determined using the expected book value per share at the end of the vesting period. The Bank recorded total expenses of MMK 281.89 million during the year in respect of SLS (Note 23).

- (2) The Bank granted a deferred cash benefit to certain eligible employees under the Talent Retention Scheme (TRS). The deferred cash benefit has a vesting period of three years from January 1, 2021 and is subject to certain performance conditions. The Bank recognised total expenses of MMK 55.00 million during the year in respect of TRS (Note 23).

YOMA BANK LIMITED**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021****16 ACCRUALS AND OTHER LIABILITIES (CONT'D)**

(3) Details of derivative liabilities as of September 30, 2021 and 2020 are as follows:

	September 30, 2021		September 30, 2020	
	Notional Amount	Fair Value	Notional Amount	Fair Value
	MMK	MMK	MMK	MMK
Swaps	16,640.00	2,232.87	-	-

17 SHARE CAPITAL

The total amount of issued and paid-up capital was made in accordance with section 60(B) of the Myanmar Companies Law.

	September 30, 2021		September 30, 2020	
	No. of shares	MMK (in million)	No. of shares	MMK (in million)
<u>Issued and fully paid</u>				
At beginning of the year	3,318,663	86,260.44	2,904,216	32,260.44
Issuance of shares during the year	-	-	414,447	54,000.00
At end of the year	3,318,663	86,260.44	3,318,663	86,260.44

The Bank has issued 150,000 shares and 112,000 shares at a premium rate of MMK 115,000 per share in fiscal year 2016 and 2017, respectively. During the group reporting to the majority shareholder of the Bank for the year ended March 31, 2019, the share premium amounting to MMK 30.13 billion formed part of its share capital in compliance with the Myanmar Companies Law, however, since the fiscal year ended September 30, 2019, all share premium was presented as a separate line item in the statement of financial position in compliance with CBM instruction.

On May 29, 2020, the Bank issued 414,447 new shares (equivalent to MMK 54.00 billion) to Greenwood Capital Private Limited upon receipt of approval from CBM on the same day.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2021

18 RESERVES

The details of reserves are as follows:

<i>In millions</i>	September 30, 2021 MMK	September 30, 2020 MMK
Statutory reserve fund ⁽¹⁾		
Opening balance	26,051.99	18,901.06
Additions for the year	1,978.20	7,150.93
Total statutory reserve fund	28,030.19	26,051.99
Reserve for contingencies		
Opening balance	70.00	69.00
Additions for the year	1.00	1.00
Total reserve for contingencies	71.00	70.00
Reserve for general provision on loans and advances ⁽²⁾		
Opening balance	40,444.58	37,319.47
Additions for the year	-	3,125.11
Total reserve for general provision on loans and advances	40,444.58	40,444.58
Revaluation surplus (Note 11)		
Opening balance	11,104.57	-
Additions for the year	-	11,104.57
Total revaluation surplus	11,104.57	11,104.57
Total reserves	79,650.34	77,671.14

⁽¹⁾ In compliance with Section 35(a) of the FIL 2016, 25% of the net profit after tax will be set aside as statutory reserve fund at the end of the fiscal year and is not distributable as cash dividends.

⁽²⁾ In compliance with CBM Instruction No. 17/2017, 2% of total balance of loans and advances will be set aside as reserve for general provision on loans and advances at the end of the fiscal year. For the years ended September 30, 2021 and 2020, the Bank is in compliance with the required reserve for general provision on loans and advances.

YOMA BANK LIMITED
**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**
19 NET INTEREST INCOME

Interest income comprises interest arising from various types of lending and investment activities. Interest expense comprises all interest incurred on deposits and borrowings from bank and non-bank customers. Interest income and expense include the following:

<i>In millions</i>	For the year ended September 30, 2021 MMK	For the year ended September 30, 2020 MMK
Operations:		
Interest from demand loans	108,249.47	119,134.53
Interest from overdrafts	33,008.93	55,366.81
Interest from hire purchase	24,233.70	27,503.65
Interest from home loan	14,653.90	15,288.77
Interest from hire purchase- AFP	6,253.17	7,951.76
Interest from staff loans	97.80	130.39
Total operating interest income	186,496.97	225,375.91
Investments:		
Interest from investment securities	56,981.59	49,866.69
Interest from interbank placements	6,571.98	10,345.98
Total investment interest income	63,553.57	60,212.67
Interest from trade finance	6,016.71	3,970.38
Total interest income	256,067.25	289,558.96
Fixed deposit	61,027.72	84,404.55
Flexi Cash Deposit	4,211.17	-
Savings deposit	38,584.70	51,185.14
Call deposit	29,221.39	37,376.55
J Zu deposit	977.69	1,334.67
Interest expense from non-bank customer deposits	134,022.67	174,300.91
Interest expense from interbank borrowings	60.57	82.49
Interest expense from securities sold with agreement to repurchase	4,012.40	-
Total interest expense	138,095.64	174,383.40
Net interest income	117,971.61	115,175.56

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**

20 FEES AND COMMISSION INCOME

Fees, commission and service charges income are generated from the range of activities that the Bank provides. Below is the breakdown of fees and commission income and expense.

<i>In millions</i>	For the year ended September 30, 2021	For the year ended September 30, 2020
	MMK	MMK
Loan and overdraft fees	2,975.82	6,757.57
Trade finance fees	2,191.15	2,489.70
Other charges and fees	1,870.98	2,446.63
Remittance fees	1,621.24	1,484.78
Fees and commissions from hire purchase, AFP	590.57	2,983.39
Paymnet order fees	53.01	53.00
Swift charges	16.72	14.83
Locker rental fees	12.55	22.02
Commissions	0.41	1.49
	<u>9,332.45</u>	<u>16,253.41</u>

21 OTHER INCOME

<i>In millions</i>	For the year ended September 30, 2021	For the year ended September 30, 2020
	MMK	MMK
Gain on foreign currency exchange, net	5,484.43	937.82
Insurance agent commission	1,252.50	1,123.78
Rental Income	124.74	319.97
Net profit from foreign currency transactions	65.58	90.06
Miscellaneous receipts	44.69	67.71
LIFT-AFP reimbursement	18.06	-
Dividend Income	3.39	6.78
Gain on disposal of property and equipment	0.05	29.36
Gain on disposal of available-for-sale investments ⁽¹⁾	-	7,306.43
	<u>6,993.44</u>	<u>9,881.91</u>

- (1) On May 31, 2016, FMI and the Bank entered into an agreement for transfer of sale shares in Wave Money, whereby the Bank agreed to transfer its interest, representing 44% in aggregate of the total shares of Wave Money. On March 30, 2018, the Bank and FMI agreed that the consideration for the sale of 34% of the total shares in Wave Money is MMK 25.80 billion, wherein, the Bank received MMK 18.03 billion as payment from FMI and recognised a gain on sale amounting to MMK 6.21 billion in which capital gains tax was paid. On November 22, 2019, the consideration of MMK 7.31 billion for the sale of the remaining 10% shares in Wave Money was agreed between the Bank and FMI and a corresponding gain on sale of available-for-sale investments was recognised in profit or loss for which capital gains tax has been paid.

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**

22 GENERAL AND ADMINISTRATIVE EXPENSE

<i>In millions</i>	For the year ended September 30, 2021	For the year ended September 30, 2020
	MMK	MMK
Telecommunication and postage	2,411.27	2,298.58
Repair and maintenance	1,565.89	1,995.29
Marketing and advertising	1,350.88	3,253.87
Office supplies	914.42	1,408.28
Other administrative expenses	887.50	1,094.17
Utilities expense	588.84	747.93
IT and software costs	375.21	426.19
Travel and entertainment	241.06	606.93
Swift charges	94.82	67.44
Remittance handling expenses	69.70	123.50
	<u>8,499.59</u>	<u>12,022.18</u>

23 PERSONNEL EXPENSE

<i>In millions</i>	For the year ended September 30, 2021	For the year ended September 30, 2020
	MMK	MMK
Salaries and wages	15,167.64	14,875.64
Other welfare benefits	15,648.32	15,252.91
Employee allowance	1,648.84	1,067.80
Share-based payment expense (Note 16)	(31.81)	1,066.70
Employer's contribution to defined contribution plan	569.17	443.36
Income tax and social security contribution	298.20	197.23
Employee bonuses	(11.06)	5,500.00
	<u>33,289.30</u>	<u>38,403.64</u>

YOMA BANK LIMITED
**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**
24 OTHER EXPENSES

<i>In millions</i>	For the year ended September 30, 2021	For the year ended September 30, 2020
	MMK	MMK
Consultancy expenses	5,624.45	4,776.46
Special settlement discount	5,497.83	-
Rates and taxes	2,787.11	8,620.93
Insurance	653.50	355.90
Legal fees	224.91	413.05
Other fees and expenses	220.79	77.26
Auditor fees	76.47	165.26
Amortization of rent expense	58.50	58.66
Other losses and write-off	48.00	1,122.36
Maintenance fees for correspondent bank	35.08	27.46
Refunds, discounts and interest	24.21	3.10
Commission expense for Home loans	17.54	43.42
	<u>15,268.39</u>	<u>15,663.86</u>

25 INCOME TAX EXPENSE

Domestic income tax is calculated at 25% (September 30, 2020: 25%) of the estimated assessable income for the year.

The total charge for the year can be reconciled to the accounting profit as follows:

<i>In millions</i>	For the year ended September 30, 2021	For the year ended September 30, 2020
	MMK	MMK
Profit before tax per statement of profit or loss and other comprehensive income	<u>10,549.24</u>	<u>31,406.60</u>
Income tax expense calculated at statutory rate	<u>2,637.31</u>	<u>7,851.65</u>
Tax effect of non-deductible expense (non-taxable income):		
2% general provision on loans and advances	-	781.28
Gain on disposal of available-for-sale investments	-	(1,826.61)
Gain on disposal of property and equipment	(0.01)	(7.34)
Dividend income	(0.85)	(1.70)
Tax effect of COVID-19 Economic Relief Plan	-	(872.24)
Capital gains tax	-	2.94
Income tax expense	<u>2,636.45</u>	<u>5,927.98</u>

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**
26 CONTINGENT LIABILITIES

The following sets out the Bank's contingent liabilities as at the end of the reporting period, based on the maximum amount the Bank would have to pay if the obligations of the instruments issued are called upon:

<i>In millions</i>	September 30, 2021	September 30, 2020
	MMK	MMK
Letter of credit (foreign currency)	313.24	22,225.57
Performance guarantees	16,587.08	15,640.07
Performance guarantees (foreign currency)	24,961.50	8,392.26
	<u>41,861.82</u>	<u>46,257.90</u>

27 COMMITMENTS

At the end of the reporting period, the Bank has the following commitments:

<i>In millions</i>	September 30, 2021	September 30, 2020
	MMK	MMK
a) Lease commitments:		
Within one year	1,863.35	312.04
In the second to fifth year	7,870.34	2,316.91
From the fifth year onwards	28,239.69	33.98
	<u>37,973.38</u>	<u>2,662.93</u>
b) Undrawn loan commitments		
Undrawn overdraft	65,823.77	106,676.69
Undrawn trade credit facilities	62,159.36	53,440.35
	<u>127,983.13</u>	<u>160,117.04</u>
	<u>165,956.51</u>	<u>162,779.97</u>

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2021**
28 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

<i>In millions</i>	September 30, 2021		
	Less than 1 Year	More than 1 Year	Total
	MMK	MMK	MMK
Assets			
Cash on hand and at banks	496,239.24		496,239.24
Interbank placements	25,258.00		25,258.00
Investment securities	258,739.30	233,235.74	491,975.04
Loans and advances, net	1,672,652.24		1,672,652.24
Property and equipment	-	40,959.55	40,959.55
Software, licenses and rights	-	6,639.80	6,639.80
Other assets	35,712.61	20,949.47	56,662.08
Total assets	2,488,601.39	301,784.56	2,790,385.95
Liabilities			
Interbank deposits	1,454.20	-	1,454.20
Due to non-bank customers	2,431,339.66	-	2,431,339.66
Funds restricted for LIFT-AFP	-	982.67	982.67
Borrowing	61,562.60	-	61,562.60
Accruals and other liabilities	42,981.32	4,256.91	47,238.23
Total liabilities	2,537,337.78	5,239.58	2,542,577.36
Net assets	(48,736.39)	296,544.98	247,808.59

<i>In millions</i>	September 30, 2020		
	Less than 1 Year	More than 1 Year	Total
	MMK	MMK	MMK
Assets			
Cash on hand and at banks	293,876.22	-	293,876.22
Interbank placements	154,583.00	-	154,583.00
Investment securities	544,158.14	238,163.98	782,322.12
Loans and advances, net	1,980,729.88	-	1,980,729.88
Property and equipment	-	40,516.43	40,516.43
Software, licenses and rights	-	4,712.99	4,712.99
Other assets	31,220.67	13,043.95	44,264.62
Total assets	3,004,567.91	296,437.35	3,301,005.26
Liabilities			
Due to non-bank customers	3,000,005.99	-	3,000,005.99
Interbank deposits	587.90	-	587.90
Funds restricted for LIFT-AFP	-	996.30	996.30
Accruals and other liabilities	55,460.95	4,058.32	59,519.27
Total liabilities	3,056,054.84	5,054.62	3,061,109.46
Net assets	(51,486.93)	291,382.73	239,895.80

29 EVENTS AFTER REPORTING PERIOD

1. Supporting our Customers

Myanmar has continued to face a challenging political and macro-economic situation that has resulted in disruption to a number of banking services particularly in respect to Myanmar Kyats cash availability and foreign exchange transactions. The Bank continues to work in a prudent and diligent manner within the evolving regulatory conditions to ensure it can support the customers by maintaining adequate liquidity and access to critical services. The Bank also continues to be focused on ensuring the least possible hardships for the customers in carrying out the day-to-day banking for themselves and their businesses.

2. Protecting the Bank and Managing risk

The Bank continues to protect its balance sheet with measures such as factoring in an adequate provision, taking into account a potential increase in Non-Performing Loans. The Bank has launched new flexi accounts to attract customer liabilities which has been very well received in the market. Simultaneously, the Bank is working with customers who may be in financial hardship or stress by providing access to loan restructure support in customer assist program.

3. Uplifting our Risk, Compliance and Audit culture

The Board and Leadership have recently amplified and increased its focus on uplifting the risk, compliance and audit culture within the Bank to cater for the ever evolving complexity of the legislative environment. This has been driven through implementation of a RED, AMBER, GREEN compliance gateway framework, extensive training, implementation of compulsory code of conduct attestations and improving control framework. A number of remediation activities have also been undertaken to ensure retrospective compliance.

4. Retaining Talent and Supporting our People

The Bank has noted a significant increase in attrition rates and regrettable losses of which the majority are people securing offshore employment or study opportunities outside of Myanmar. In addition, the Bank notes that its Chief Executive Officer resigned on October 1, 2021 due to family reasons and a key Director, Melvyn Pun resigned on October 13, 2021 as he is going to be the chairman of the Digital Money Myanmar (Wave Money). Under Central Bank of Myanmar "CBM", current regulations Melvyn cannot be a director of both a Bank and a MMFS organization. The Board have implemented a number of key people initiatives to support the retention and recruitment of talent, including the implementation of a long term incentive program, increased training and mentoring programs and improved employee value proposition.