



YOMA BANK LIMITED
(Registration No. 193771947)

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

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 - 57

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, 2020, 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 Myat Thin Aung	Non-Executive Director
U Tun Myat	Independent Non-Executive Director
U Kyi Aye	Executive Director
Mr. Melvyn Pun	Non-Executive Director
Ms. Fay Piyachatr Chetnakarnkul	Non-Executive Director
Dr. Holger Dirk Michaelis	Non-Executive Director
Mr. Dean Cleland	Executive Director
Daw Aye Aye Soe	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, 2020. During the financial year, the Bank had the following developments:

- Adoption of revaluation model for its lands and buildings as approved by the Central Bank of Myanmar ("CBM");
- Introduction of "Principle Pause Programme", which is in line with COVID-19 Economic Relief Plan (CERP);
- The Bank applied specific provisions in accordance with CBM Notification No. 17/2017 and additional provisions for potential future losses due to COVID-19;
- Long-term incentive scheme was granted to select senior executives of the Bank;
- Improvement on the Capital Adequacy Ratio resulting from Greenwood Capital Private Limited's primary capital injection; and
- Gain on disposal of available-for-sale investment are recorded in the other income account.

3 FINANCIAL PERFORMANCE

<i>In millions</i>	For the year ended	For the year ended
	September 30, 2020	September 30, 2019
	MMK	MMK
Revenue (including fees and commission income and other income)	315,694.28	285,864.17
Profit before dividend income, general provision, depreciation, amortisation, and tax	40,833.48	37,850.40
Less: Depreciation and amortisation	6,308.55	5,282.77
Profit before general provision and tax	34,524.93	32,567.63
Less: 2% general provision for loans and advances	3,125.11	6,091.40
Less: Income tax expense	5,927.98	8,134.73
Add: Dividend income	6.78	6.78
Profit for the year	25,478.62	18,348.28

4 TRANSFERS TO RESERVES ACCOUNT

During the financial year ended September 30, 2020, 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	For the year ended
	September 30, 2020	September 30, 2019
	MMK	MMK
Statutory reserve account	7,150.93	6,109.92
Reserve for contingencies	1.00	1.00
Reserve for bad and doubtful debts	3,125.11	6,241.40
Total Reserves	<u>10,277.04</u>	<u>12,352.32</u>

5 DIVIDENDS

There has been no dividend proposed by the Board of Directors of the Bank for the financial year ended September 30, 2020.

6 ISSUANCE AND TRANSFER OF SHARES

During the financial year ended September 30, 2020, Greenwood Capital Private Limited and Norfund became shareholders of the Bank.

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.

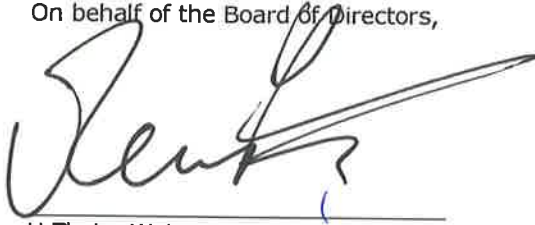
Through its normal course of business, the Bank faced various risks such as credit risk, market risk, operational risk, legal and compliance risks that were managed in line with the defined risk appetite approved by the Board of Directors.

Furthermore, despite heightened uncertainty in the external environment due to COVID-19, the Bank believes it has adequately strengthened its statement of financial position by increasing credit provisions and capital adequacy buffers as well as maintaining stable liquidity and market risk positions.

8 AUDITOR

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

On behalf of the Board of Directors,



U Theim Wai
Executive Chairman



Daw Aye Aye Soe
Executive Director

Date : November 23, 2020

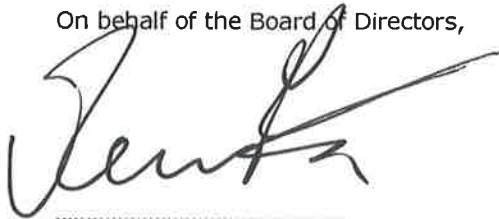
YOMA BANK LIMITED

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, 2020. 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 57, present fairly, in all material aspects, the financial position of the Bank as at September 30, 2020, 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



.....
Daw Aye Aye Soe
Executive Director

Date: November 23, 2020

**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, 2020, 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 57.

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, 2020 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.

Other Matter

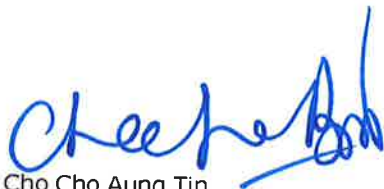
The financial statements of the Bank for the year ended September 30, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on November 22, 2019.

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 Tin
Certified Public Accountant
Yangon, Myanmar




Date : November 23, 2020

YOMA BANK LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020**

<i>In millions</i>	Note	September 30, 2020	September 30, 2019
		MMK	MMK
ASSETS			
Cash on hand and at banks	8	293,876.22	233,238.99
Interbank placements		154,583.00	150,504.50
Investment securities	9	782,322.12	481,389.00
Loan and advances, net	10	1,980,729.88	1,845,544.22
Property and equipment	11	40,516.43	27,690.57
Software, licenses and rights	12	4,712.99	4,904.51
Other assets	13	44,264.62	53,926.56
Total assets		<u>3,301,005.26</u>	<u>2,797,198.35</u>
LIABILITIES			
Interbank deposits		587.90	483.82
Due to non-bank customers	14	3,000,005.99	2,566,566.42
Funds restricted for LIFT-AFP	15	996.30	4,459.75
Accruals and other liabilities	16	59,519.27	79,500.86
Total liabilities		<u>3,061,109.46</u>	<u>2,651,010.85</u>
EQUITY			
Share capital	17	86,260.44	32,260.44
Share premium	17	30,130.00	30,130.00
Reserves	18	77,671.14	56,289.53
Retained earnings		45,834.22	27,507.53
Total equity		<u>239,895.80</u>	<u>146,187.50</u>
Total liabilities and equity		<u>3,301,005.26</u>	<u>2,797,198.35</u>
OFF-BALANCE SHEET			
Contingent liabilities	26	46,257.90	38,146.97
Commitments	27	170,799.19	158,470.08

On Behalf of the Board of Directors,



U Theim Wai
Executive Chairman



Dean Alexander Cleland
Chief Executive Officer



Vijay Kumar Maheshwari
Chief Financial Officer

Date: November 23, 2020

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, 2020**

<i>In millions</i>	Note	For the year ended	For the year ended
		September 30, 2020	September 30, 2019
		MMK	MMK
Interest income	19	289,558.96	265,516.22
Interest expense	19	174,383.40	169,933.24
Net interest income		115,175.56	95,582.98
Fees and commission income	20	16,253.41	17,329.93
Other income	21	9,881.91	3,018.02
Net non-interest income		26,135.32	20,347.95
Income before operating expenses		141,310.88	115,930.93
General and administrative expense	22	12,022.18	12,311.17
Personnel expense	23	38,403.64	36,157.07
Rent expense		5,555.44	6,136.44
Depreciation and amortisation	11,12	6,308.55	5,282.77
Specific provision on loans and advances and repossessed properties	10,13	12,825.50	9,374.26
Specific provision for future losses	10	16,000.00	-
2% general provision on loans and advances	18	3,125.11	6,091.40
Other expenses	24	15,663.86	14,094.81
Total expenses		109,904.28	89,447.92
Profit before tax		31,406.60	26,483.01
Income tax expense	25	5,927.98	8,134.73
Profit for the year		25,478.62	18,348.28
Other comprehensive income			
Revaluation of property and equipment	11,18	11,104.57	-
Total comprehensive income for the year		36,583.19	18,348.28

On behalf of the Board of Directors,



U Theim Wai
Executive Chairman



Dean Alexander Cleland
Chief Executive Officer



Vijay Kumar Maheshwari
Chief Financial Officer

Date: November 23, 2020

The accompanying notes form part of the financial statements

YOMA BANK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

<i>In millions</i>	Share capital	Share premium	Reserves	Retained Earnings	Total
	MMK	MMK	MMK	MMK	MMK
Balance at October 1, 2018	27,240.00	30,130.00	43,937.21	15,270.17	116,577.38
Share capital issued	5,020.44	-	-	-	5,020.44
Amount transferred to statutory reserves	-	-	6,109.92	(6,109.92)	-
Amount transferred to reserve for contingencies	-	-	1.00	(1.00)	-
Adjustment to reserve for general provision on loans and advances	-	-	6,241.40	-	6,241.40
Profit for the year, representing total comprehensive income for the year	-	-	-	18,348.28	18,348.28
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
Total comprehensive income for the year	86,260.44	30,130.00	66,566.57	20,355.60	203,312.61
Profit for the year	-	-	-	25,478.62	25,478.62
Other comprehensive income - revaluation surplus	-	-	11,104.57	-	11,104.57
Total	-	-	11,104.57	25,478.62	36,583.19
Balance at September 30, 2020	86,260.44	30,130.00	77,671.14	45,834.22	239,895.80

The accompanying notes form part of the financial statements

YOMA BANK LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

<i>In millions</i>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
	MMK	MMK
Cash flows from operating activities		
Profit before tax	31,406.60	26,483.01
Adjustment for:		
Depreciation and amortisation	6,308.55	5,282.77
Specific provision on loans and advances and repossessed properties	12,825.50	9,374.26
Specific provision for future losses	16,000.00	-
2% general provision on loans and advances	3,125.11	6,091.40
Adjustments to specific allowance on loans and advances and repossessed properties	(8,930.88)	111.08
Adjustment on AFP provision	(46.80)	(719.74)
Unrealized foreign exchange gain, net	(103.18)	(9.79)
Write-off of property and equipment and software, licenses and rights	210.24	516.40
Adjustment to property and equipment	8.89	0.73
Adjustment to software, licenses and rights	-	0.30
Dividend income	(6.78)	(6.78)
Gain on disposal of available-for-sale investments	(7,306.43)	-
Gain on disposal of property and equipment	(29.36)	(47.87)
Operating cash flows before movements in working capital	<u>53,461.46</u>	<u>47,075.77</u>
Movements in working capital:		
Interbank placements	(1,112.32)	(42,094.18)
Loan and advances	(155,487.38)	(312,070.17)
Other assets	15,176.48	(4,114.39)
Due to non-bank customers and interbank deposits	433,543.64	474,020.60
Funds restricted for LIFT-AFP	(3,463.45)	(807.52)
Accruals and other liabilities	(25,909.57)	3,631.79
Cash generated from operations	<u>316,208.86</u>	<u>165,641.90</u>
Dividends received	6.78	6.78
Income tax paid	(4,956.94)	(8,099.79)
Net cash provided by operating activities	<u>311,258.70</u>	<u>157,548.89</u>
Cash flows from investing activities		
Acquisition of property and equipment	(6,455.54)	(5,109.27)
Acquisition of software, licenses and rights	(1,601.91)	(1,869.80)
Proceeds from disposal of available-for-sale investments	7,306.43	-
Proceeds from settlement of held-to-maturity investments	35,000.00	40,000.00
Investment in government securities	(335,933.63)	(71,195.82)
Proceeds from disposal of property and equipment	29.36	51.05
Net cash used in investing activities	<u>(301,655.29)</u>	<u>(38,123.84)</u>

The accompanying notes form part of the financial statements

Handwritten signature

YOMA BANK LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

<i>In millions</i>	September 30, 2020	September 30, 2019
	MMK	MMK
Cash flows from financing activity		
Proceeds from issuance of share capital, representing net cash provided by financing activity	54,000.00	315.44
Net increase in cash and cash equivalents	63,603.41	119,740.49
Cash and cash equivalents at beginning of the year	301,717.31	181,976.82
Cash and cash equivalents at end of the year (Note 8)	365,320.72	301,717.31

The accompanying notes form part of the financial statements

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2020

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, 2020 were authorised for issue by the Board of Directors on November 23, 2020.

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.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2020

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 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

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2020

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.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2020

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, 2020

2.4 Financial assets (CONT'D)

2.4.5 Impairment of financial assets (CONT'D)

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%

Specific provision for future losses

The Bank has applied management overlays to determine the amount of future loss as a result of COVID-19. Management has evaluated a range of possible outcomes for financial assets under the Principal Pause Programme ("PPP"), taking into account past events, current conditions/trends and economic outlooks.

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.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2020

2.4 Financial assets (CONT'D)

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.

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'.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2020

2.6 Financial liabilities (CONT'D)

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:

- 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.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2020

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.

2.8.2 Fees and commission income

Fees and commission 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.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2020

2.10 Foreign currency transactions and translation (CONT'D)

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.

2.11.2 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.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2020

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 2020, 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.

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.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2020

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).

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2020

2.16 Provisions (CONT'D)

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.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2020

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.

3.2.2 Specific provision for future losses

In line with the government's COVID-19 economic relief plan, the Bank has introduced a PPP ranging from 1 to 6 months during the year. Repayment for principal and/or interest will be deferred for financial assets under the programme, however interest will continue to accrue. In view of the uncertainty and deteriorating impact of the economy due to COVID-19, the Bank has applied additional provision to account for the losses in addition to provision under CBM requirements. The Bank evaluated the possible losses for financial assets under the PPP, by taking into account past events, current conditions/trends and economic outlooks. Borrowers under PPP are deemed to be at higher risks of default as a result of COVID-19.

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.

3.2.4 Useful lives of property and equipment and intangible assets

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

3.2.5 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.

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2020**

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>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
	MMK	MMK
Financial Assets		
<u>Loans and receivables:</u>		
Cash on hand and at banks	293,876.22	233,238.99
Interbank placements	154,583.00	150,504.50
Loans and advances, net	1,980,729.88	1,845,544.22
Other assets	28,028.99	23,954.72
<u>Held-to-maturity investments:</u>		
Investment securities	500.00	35,500.00
<u>Available for sale investments:</u>		
Investment securities	781,822.12	445,889.00
<u>Fair value through profit or loss:</u>		
Other assets	438.30	4,922.02
	<u>3,239,978.51</u>	<u>2,739,553.45</u>
<i>In millions</i>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
	MMK	MMK
Financial Liabilities		
<u>Other financial liabilities:</u>		
Due to non-bank customers	3,000,005.99	2,566,566.42
Interbank deposits	587.90	483.82
Funds restricted for LIFT-AFP	996.30	4,459.75
Accruals and other liabilities	48,376.76	60,378.55
<u>Fair value through profit or loss:</u>		
Accruals and other liabilities	-	4,837.81
	<u>3,049,966.95</u>	<u>2,636,726.35</u>

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2020

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.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2020

5.1 Credit Risk (CONT'D)

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. 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, 2020

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>	September 30, 2020	September 30, 2019
	MMK	MMK
Cash at banks	193,911.54	171,695.46
Interbank placements	154,583.00	150,504.50
Investment securities	782,322.12	481,389.00
Loan and advances, net	1,980,729.88	1,845,544.22
Other assets	28,467.29	28,876.74
Off-balance sheet		
Contingent liabilities	46,257.90	38,146.97
Undrawn loan commitments	170,799.19	158,470.08
Total maximum exposure to credit risk	<u>3,357,070.92</u>	<u>2,874,626.97</u>

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, 2020 and September 30, 2019, the fair value of collateral that the Bank holds relating to impaired loans with specific provision under the Loss category amounts to MMK 75.05 billion and MMK 23.88 billion, respectively.

YOMA BANK LIMITED**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2020****5.1 Credit Risk (CONT'D)**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, 2020	September 30, 2019
	MMK	MMK
Agricultural	32,119.29	26,523.43
Construction	35,751.81	38,080.10
Manufacturing	400,073.69	371,210.02
Service	289,463.42	259,669.52
Trading	671,607.43	730,175.50
Transportation	31,020.12	33,651.39
General & hire purchase	314,876.55	232,646.57
Housing loan	154,578.87	122,310.23
Digital credit	49,143.03	21,600.54
Trade finance	43,595.06	30,106.23
Total	2,022,229.27	1,865,973.53
Partial payments on NPLs	(1,659.41)	(891.05)
Specific allowance	(39,839.98)	(19,538.26)
Net	1,980,729.88	1,845,544.22
Undrawn loan commitments:		
Agricultural	645.79	2,164.71
Construction	3,361.66	4,174.14
Manufacturing	29,738.50	25,589.03
Service	12,137.64	13,905.66
Trading	59,383.07	49,077.82
Transportation	1,410.03	1,000.37
Trade Finance	53,440.35	51,279.59
Net	160,117.04	147,191.32

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2020

5.1 Credit Risk (CONT'D)

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, 2020.

<i>In millions</i>	September 30, 2020 MMK	September 30, 2019 MMK
Neither past due nor impaired	1,750,858.28	1,699,925.23
Past due but not impaired		
Standard	111,609.20	71,601.68
Watch	21,615.54	15,117.06
Substandard	10,861.46	9,562.50
Doubtful	9,793.43	12,823.56
Loss	25,984.71	14,255.98
Total past due but not impaired	179,864.34	123,360.78
Loans with specific provision – Loss category		
Standard	6,043.87	-
Watch	23,671.90	971.25
Substandard	12,164.64	189.53
Doubtful	4,416.78	4,500.83
Loss	45,209.46	37,025.91
Total loans with specific provision – Loss category	91,506.65	42,687.52
	2,022,229.27	1,865,973.53

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

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.

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2020**

5.2 Liquidity Risk (CONT'D)

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, 2020			
	Less than 1 Year	More than 1 Year	No specific for maturity	Total
	MMK	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

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2020**

5.2 Liquidity Risk(CONT'D)

<i>In Kyats millions</i>	September 30, 2019			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	233,238.99	-	-	233,238.99
Interbank placements	150,504.50	-	-	150,504.50
Loans and advances, net	1,845,544.22	-	-	1,845,544.22
Investment securities	216,032.75	262,727.71	2,628.54	481,389.00
Other assets	23,469.83	484.89	-	23,954.72
Total	2,468,790.29	263,212.60	2,628.54	2,734,631.43
Non-derivative financial liabilities				
Due to non-bank customers	2,566,566.42	-	-	2,566,566.42
Interbank liabilities	483.82	-	-	483.82
Funds segregated for LIFT-AFP	-	4,459.75	-	4,459.75
Accruals and other liabilities	60,378.55	-	-	60,378.55
Total	2,627,428.79	4,459.75	-	2,631,888.54

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, 2020	September 30, 2019
Year-end	67.39%	72.69%
Maximum	75.22%	73.88%
Minimum	67.39%	71.58%
Average	71.60%	72.87%

The Bank's liquidity ratios as of September 30, 2020 and September 30, 2019 were 37.27% and 25.30%, respectively, and hence more than 20% requirement of the CBM as per Notification No. (19/2017).

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.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2020

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, 2020 and September 30, 2019, respectively, based on CBM's instruction No. (14/2016) dated 27 December 2016.

<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		

<i>In millions</i>	September 30, 2019		
	Assets	Liabilities	Net open position
	MMK	MMK	MMK
United States Dollar	125,464.92	110,883.66	14,581.26
Euro	1,123.75	614.04	509.71
Singapore Dollar	481.96	28.41	453.55
Japanese Yen	1.31	0.33	0.98
Others	6.43	0.10	6.33
Total	127,078.37	111,526.54	15,551.83
Total Tier I capital	108,799.03		

NOP ratios as a percentage of Tier I capital as of September 30, 2020 and September 30, 2019 are as follows:

	September 30, 2020	September 30, 2019
NOP ratio	5%	14%

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.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2020

5.4 Foreign exchange risk (CONT'D)

Currency sensitivity (CONT'D)

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, 2020	September 30, 2019
	MMK	MMK
USD	775.01	1,458.13
EUR	153.41	50.97
SGD	17.41	45.36
JPY	0.71	0.01
Others	0.52	0.63

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.

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.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2020

5.6 Legal and compliance risk (CONT'D)

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, 2020	September 30, 2019
	MMK	MMK
Tier 1 capital	188,276.65	108,799.03
Tier 2 capital	36,137.20	23,388.99
Total capital	224,413.85	132,188.02
Risk weighted assets	2,002,610.65	1,871,119.40
Tier 1 capital ratio	9.40%	5.81%
Capital adequacy ratio (CAR)	11.21%	7.06%
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.

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, 2020, 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, 2019.

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 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>	September 30, 2020	September 30, 2019
	MMK	MMK
Salaries, wages and other benefits	3,624.80	4,551.16
Share-based payment expense	1,066.70	-
Benefit in kind	3.00	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.

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>	September 30, 2020	September 30, 2019
	MMK	MMK
Deposits	35,726.56	80,115.26

<i>In millions</i>	September 30, 2020	September 30, 2019
	MMK	MMK
Gain on disposal of available-for-sale investments (Note 21)	7,306.43	-
Other income	38.50	86.08
Interest income	-	80.99
Total income	7,344.93	167.06

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2020**

7 RELATED PARTY TRANSACTIONS (CONT'D)

Transactions with Related Parties (CON'T)

<i>In millions</i>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
	MMK	MMK
Interest expense on deposits	7.78	2,594.61
Rental expense	63.53	64.05
General and administrative expense	1,012.77	407.82
Total expenses	<u>1,084.08</u>	<u>3,066.48</u>

Rental expenses were paid to the following:

<i>In millions</i>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
	MMK	MMK
FMI Garden Development Limited	46.20	45.15
Thanlyin Estate Development Limited	17.33	18.90
	<u>63.53</u>	<u>64.05</u>

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

<i>In millions</i>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
	MMK	MMK
Yoma Fleet Limited	431.36	358.19
Greenwood Capital Private Limited	417.26	-
Pun Hlaing International Hospital Limited	146.62	2.75
Thanlyin Estate Development Limited	9.29	8.27
FMI Garden Development Limited	8.24	5.28
SPA Company Limited	-	33.33
	<u>1,012.77</u>	<u>407.82</u>

8 CASH ON HAND AND AT BANKS

<i>In millions</i>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
	MMK	MMK
Cash on hand	99,964.68	61,543.53
Cash and balances with CBM	160,864.27	156,136.11
Cash with banks and other financial institutions	33,047.27	15,559.35
	<u>293,876.22</u>	<u>233,238.99</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% pursuant to CBM Instruction No. 10/2020 dated September 22, 2020.

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2020**

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, 2020	September 30, 2019
	MMK	MMK
Cash on hand and at banks	293,876.22	233,238.99
Interbank placements	71,444.50	68,478.32
	<u>365,320.72</u>	<u>301,717.31</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, 2020	September 30, 2019
	MMK	MMK
Held-to-maturity investments:		
Myanmar Treasury bonds	500.00	500.00
Money market (deposit auction)	-	35,000.00
	<u>500.00</u>	<u>35,500.00</u>

Available-for-sale investments:

Myanmar Treasury bonds	337,511.50	267,217.07
Myanmar Treasury bills	441,682.59	176,043.39
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	5.56	6.07
Investment in Myanmar Credit Bureau	1.04	1.04
	<u>781,822.12</u>	<u>445,889.00</u>
	<u>782,322.12</u>	<u>481,389.00</u>

<i>In millions</i>	September 30, 2020	September 30, 2019
	MMK	MMK
Current	544,158.14	216,032.75
Non-current	238,163.98	265,356.25

No impairment losses were incurred for the year ended September 30, 2020 and 2019.

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 6.78 million for the year ended September 30, 2020 and 2019.

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2020**

10 LOANS AND ADVANCES, NET

<i>In millions</i>	September 30, 2020	September 30, 2019
	MMK	MMK
Demand loans	1,101,376.78	932,384.35
Digital credit	49,087.33	21,556.18
Overdrafts	358,714.67	526,969.97
Hire purchase	252,996.79	166,922.74
Home loan	154,578.87	122,310.23
Hire purchase - Agri Finance Product (AFP)	60,261.62	64,500.25
Staff loans	1,618.14	1,223.58
Trade financing	43,595.07	30,106.23
Loans and advances, gross	2,022,229.27	1,865,973.53
Less: partial payments on NPLs	(1,659.41)	(891.05)
Sub total	2,020,569.86	1,865,082.48
Less: Specific allowance		
Loans and advances per CBM regulation	(23,839.98)	(19,538.26)
Future losses	(16,000.00)	-
Loans and advances, net	1,980,729.88	1,845,544.22

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

<i>In millions</i>	September 30, 2020	September 30, 2019
	MMK	MMK
Specific provision	33,867.66	13,656.17
Other provision - restructured loans	144.97	7.93
LIFT-AFP	5,827.35	5,874.16
	39,839.98	19,538.26

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

<i>In millions</i>	September 30, 2020		September 30, 2019	
	Principal	Specific Allowance	Principal	Specific Allowance
	MMK	MMK	MMK	MMK
Current	1,750,858.28	-	1,699,925.23	-
Standard	117,653.07	1,312.01	71,601.68	27.49
Watch	45,287.44	1,563.24	16,088.31	8.17
Substandard	23,026.10	1,040.12	9,752.03	20.47
Doubtful	14,210.21	1,171.48	17,324.39	450.65
Loss	71,194.17	18,753.13	51,281.89	19,031.48
Specific provision for future losses ⁽¹⁾	-	16,000.00	-	-
	2,022,229.27	39,839.98	1,865,973.53	19,538.26

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2020**

10 LOANS AND ADVANCES, NET (CONT'D)

(1) Although significant portion of the loans and advances under the PPP are classified as current, these are exposed to a higher risk of default as a result of COVID-19.

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 5.83 billion and MMK 5.87 billion as of September 30, 2020 and September 30, 2019, 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 34.01 billion and MMK 13.66 billion as of September 30, 2020 and 2019, respectively.

<i>In millions</i>	September 30, 2020	September 30, 2019
	MMK	MMK
Balance at beginning of year	19,538.26	12,961.19
Specific provision on loans and advances charged for the year	12,401.53	7,196.02
Specific provision for future losses charged for the year ⁽¹⁾	16,000.00	-
Adjustment for restructured loans	137.04	344.00
Write-off during the year	(8,086.35)	(232.92)
Adjustment for foreign exchange difference	(103.70)	(10.29)
Total allowance for impairment losses by collectability	39,886.78	20,258.00
Transferred to LIFT-AFP ⁽²⁾	(46.80)	(719.74)
Balance at end of year	39,839.98	19,538.26

(1) During the year, 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.

(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, 2020 and 2019, the Bank has used the provision amounting to MMK 46.80 million and MMK 719.74 million, respectively, for its HP AFP product.

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2020**

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, 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, 2020**

11 PROPERTY AND EQUIPMENT (CONT'D)

<i>In millions</i>	Land	Building	Office	Furniture	Motor vehicle	Leasehold	Total
	MMK	MMK	equipment MMK	and fitting MMK	MMK	improvements MMK	MMK
<u>Cost</u>							
At October 1, 2018	5,037.56	5,315.28	14,398.94	2,522.12	3,023.35	7,582.16	37,879.41
Additions	-	1,405.80	3,137.93	289.42	54.92	221.20	5,109.27
Disposal	-	-	(3.99)	-	(144.91)	-	(148.90)
Adjustment	-	-	(0.58)	(0.03)	-	(1,386.11)	(1,386.72)
Write-offs	(184.18)	(234.65)	(391.19)	(104.22)	(1.41)	(0.86)	(916.51)
At September 30, 2019	4,853.38	6,486.43	17,141.11	2,707.29	2,931.95	6,416.39	40,536.55
<u>Accumulated depreciation</u>							
At October 1, 2018	-	551.56	4,935.57	392.89	1,571.14	3,232.58	10,683.74
Charge for the financial year	-	63.47	2,112.97	123.90	344.51	1,449.21	4,094.06
Disposals	-	-	(3.99)	-	(141.73)	-	(145.72)
Adjustment	-	-	(0.58)	-	-	(1,385.41)	(1,385.99)
Write-offs	-	(58.28)	(302.34)	(37.38)	(1.41)	(0.70)	(400.11)
At September 30, 2019	-	556.75	6,741.63	479.41	1,772.51	3,295.68	12,845.98
Carrying amount at September 30, 2019	4,853.38	5,929.68	10,399.48	2,227.88	1,159.44	3,120.71	27,690.57

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2020**

11 PROPERTY AND EQUIPMENT (CONT'D)

The Bank's land and buildings are stated at their revalued amounts at fair value as approved by CBM in notification No. 3954/AA(1)/3/797/2018-2019. The difference between the revalued amounts and carrying amounts prior to revaluation of MMK 11.10 billion is recognised as part of revaluation surplus under "Reserves" (Note 18).

Had the Bank's land and buildings been measured on a historical cost basis, their carrying amount would have been as follows:

<i>In millions</i>	September 30, 2020 MMK	September 30, 2019 MMK
Land	4,853.38	4,853.38
Building	6,475.01	5,929.68
	11,328.39	10,783.06

12 SOFTWARE, LICENSES AND RIGHTS

<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
<i>In millions</i>			
	Computer software MMK	Licenses & rights MMK	Total MMK
<u>Cost</u>			
At October 1, 2018	3,688.90	2,256.30	5,945.20
Additions	1,869.80	-	1,869.80
Adjustments	(0.30)	-	(0.30)
At September 30, 2019	5,558.40	2,256.30	7,814.70
<u>Amortisation</u>			
At October 1, 2018	1,292.68	428.80	1,721.48
Charged during the year	963.08	225.63	1,188.71
At September 30, 2019	2,255.76	654.43	2,910.19
Carrying amount at September 30, 2019	3,302.64	1,601.87	4,904.51

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2020**

13 OTHER ASSETS

<i>In millions</i>	September 30, 2020	September 30, 2019
	MMK	MMK
Interest receivable from loan customers, net ⁽¹⁾	12,634.20	11,726.55
Interest receivable from investments	14,498.75	11,591.59
Prepaid expenses	15,143.55	22,198.81
Repossessed properties, net ⁽²⁾	1,138.33	3,213.78
Derivative assets ⁽³⁾	438.30	4,922.02
Account receivable – others	348.02	151.69
Deferred rent	63.47	122.12
	<u>44,264.62</u>	<u>53,926.56</u>

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

<i>In millions</i>	September 30, 2020	September 30, 2019
	MMK	MMK
Interest receivable from loan customers	13,329.02	31,970.13
Sundry deposit – interest in suspense	(694.82)	(20,243.58)
	<u>12,634.20</u>	<u>11,726.55</u>

(2) The Bank took possession of properties (land and building) which were held as security for defaulted loan. The repossessed properties were carried at the lower of the carrying amount of the loan outstanding and fair value of the property. The repossessed properties will be sold as soon as practicable, at auction, to settle the outstanding debt. Details of repossessed properties as of September 30, 2020 and 2019 are as follows:

<i>In millions</i>	September 30, 2020	September 30, 2019
	MMK	MMK
Cost	2,909.79	5,542.84
Specific provision	(1,771.46)	(2,329.06)
	<u>1,138.33</u>	<u>3,213.78</u>

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

<i>In millions</i>	September 30, 2020	September 30, 2019
	MMK	MMK
Balance at beginning of year	2,329.06	150.82
Charge for the year	423.97	2,178.24
Reversals	(981.57)	-
Balance at end of year	<u>1,771.46</u>	<u>2,329.06</u>

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2020**

13 OTHER ASSETS (CONT'D)

(3) Details of derivative assets as of September 30, 2020 and 2019 are as follows:

<i>In millions</i>	September 30, 2020		September 30, 2019	
	Notional Amount	Fair Value	Notional Amount	Fair Value
	MMK	MMK	MMK	MMK
Forward Swaps	5,934.00	438.30	-	-
	-	-	4,914.94	4,922.02
	<u>5,934.00</u>	<u>438.30</u>	<u>4,914.94</u>	<u>4,922.02</u>

14 DUE TO NON-BANK CUSTOMERS

<i>In millions</i>	September 30, 2020	September 30, 2019
	MMK	MMK
Fixed deposits	993,603.29	893,784.71
Savings deposits	845,311.09	755,397.16
Call deposits	864,382.51	697,132.73
Current deposits	113,200.97	102,512.88
Foreign currency	89,497.00	58,277.36
J Zu Account	32,405.77	29,969.16
Smart Account	61,605.36	29,492.42
	<u>3,000,005.99</u>	<u>2,566,566.42</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 the remainder of USD 0.01 million is for reimbursable operating 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.

YOMA BANK LIMITED**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2020****15 FUNDS RESTRICTED FOR LIFT-AFP (CONT'D)**

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, 2020	September 30, 2019
	MMK	MMK
AFP foreign currency deposits (Individual Development Account savings fund)	155.69	3,829.00
Rural Women Digital Finance deposits (expense funds)	826.87	-
AFP foreign currency deposits (operating expense funds)	13.74	630.75
	<u>996.30</u>	<u>4,459.75</u>

16 ACCRUALS AND OTHER LIABILITIES

<i>In millions</i>	September 30, 2020	September 30, 2019
	MMK	MMK
Interest payable to depositors	22,950.33	29,176.07
Accrued expenses	11,194.99	11,619.35
Sundry deposit	6,034.81	9,354.63
Tax provision	5,927.98	8,134.73
Unclaimed liabilities	4,058.32	4,061.57
Deferred revenue	3,980.28	5,449.74
Card settlement account	1,704.76	3,534.14
Other provision	1,125.24	294.45
Payment order	1,078.27	1,747.03
Share-based payment liability ⁽¹⁾	1,066.70	-
Remittance in transit	250.51	870.91
Accrual unearned account - penalty interest	109.01	405.58
Debit note issued account	25.10	-
Gift cheque account	12.97	13.13
Derivative liabilities ⁽²⁾	-	4,837.81
Accounts payable - others	-	1.72
	<u>59,519.27</u>	<u>79,500.86</u>

⁽¹⁾ 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 may be granted options to purchase ordinary shares at an exercise price of USD\$ 1 per ordinary share.

Each employee 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.

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2020**

16 ACCRUALS AND OTHER LIABILITIES (CONT'D)

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 employee in case of employment termination by mutual agreement, voluntary resignation, death, disability or redundancy.

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

- Grant date: September 30, 2020
- Scheme Shares to be issued pursuant to options granted: 29,802
- Subscription price: USD\$1
- Average remaining contractual life to vesting: 1.84 years

<i>In millions</i>	<u>September 30, 2020</u> Number of Scheme Shares	<u>September 30, 2019</u> Number of Scheme Shares
Outstanding at beginning of the year	-	-
Scheme Shares granted during the year	29,802	-
Outstanding at end of the year	<u>29,802</u>	-
Exercisable at end of the year	<u>-</u>	<u>-</u>

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.

The Bank recognised total expenses of MMK 1.07 billion related to cash-settled share-based payment transactions during the year (Note 23).

(2) Details of derivative liabilities as of September 30, 2020 and 2019 are as follows:

	<u>September 30, 2020</u>		<u>September 30, 2019</u>	
	Notional Amount	Fair Value	Notional Amount	Fair Value
	MMK	MMK	MMK	MMK
Swaps	-	-	10,396.70	4,837.81

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2020

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, 2020		September 30, 2019	
	No. of shares	MMK (in million)	No. of shares	MMK (in million)
<u>Issued and fully paid</u>				
At beginning of the year	2,904,216	32,260.44	2,724,000	27,240.00
Issuance of shares during the year	414,447	54,000.00	31,544	315.44
Issuance of shares – IFC convertible loan	-	-	148,672	4,705.00
At end of the year	3,318,663	86,260.44	2,904,216	32,260.44

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, 2020****18 RESERVES**

The details of reserves are as follows:

<i>In millions</i>	September 30, 2020	September 30, 2019
	MMK	MMK
Statutory reserve fund ⁽¹⁾		
Opening balance	18,901.06	12,791.14
Additions for the year	7,150.93	6,109.92
Total statutory reserve fund	26,051.99	18,901.06
Reserve for contingencies		
Opening balance	69.00	68.00
Additions for the year	1.00	1.00
Total reserve for contingencies	70.00	69.00
Reserve for general provision on loans and advances ⁽²⁾		
Opening balance	37,319.47	31,078.07
Additions for the year	3,125.11	6,091.40
Other adjustment ⁽³⁾	-	150.00
Total reserve for general provision on loans and advances	40,444.58	37,319.47
Revaluation surplus (Note 11)	11,104.57	-
Total reserves	77,671.14	56,289.53

⁽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.

⁽³⁾ Based on CBM Notification Letter No. 74/KaKa (1)/3/17/2019-2020 dated October 8, 2019, which was approved by the Bank's Board of Directors, the Bank, as agreed with IFC, transferred MMK 150 million to the reserves for general provision on loans and advances.

YOMA BANK LIMITED**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2020****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>	September 30, 2020	September 30, 2019
	MMK	MMK
Operations:		
Interest from demand loans	119,134.53	101,893.99
Interest from overdrafts	55,366.81	68,415.53
Interest from hire purchase	27,503.65	21,986.07
Interest from home loan	15,288.77	12,232.88
Interest from hire purchase- AFP	7,951.76	8,827.56
Interest from staff loans	130.39	103.13
Total operating interest income	<u>225,375.91</u>	<u>213,459.16</u>
Investments:		
Interest from investment securities	49,866.69	35,637.96
Interest from interbank placements	10,345.98	12,678.46
Total investment interest income	<u>60,212.67</u>	<u>48,316.42</u>
Interest from trade finance	<u>3,970.38</u>	<u>3,740.64</u>
Total interest income	<u>289,558.96</u>	<u>265,516.22</u>
Fixed deposit	84,404.55	84,948.20
Savings deposit	51,185.14	49,150.28
Call deposit	37,376.55	34,086.81
J Zu deposit	<u>1,334.67</u>	<u>1,387.90</u>
Interest expense from non-bank customer deposits	174,300.91	169,573.19
Interest expense from interbank deposits	82.49	360.05
Total interest expense	<u>174,383.40</u>	<u>169,933.24</u>
Net interest income	<u>115,175.56</u>	<u>95,582.98</u>

YOMA BANK LIMITED**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2020****20 FEE 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>	September 30, 2020	September 30, 2019
	MMK	MMK
Fee and commission income:		
Loan and overdraft fees	6,757.57	7,391.15
Fees and commissions from hire purchase, AFP	2,983.39	2,955.04
Trade finance fees	2,489.70	2,548.33
Remittance fees	1,484.78	1,928.02
Payment order fees	53.00	46.00
Locker rental fees	22.02	22.93
Swift charges	14.83	13.73
Commissions	1.49	2.84
Other charges and fees	2,446.63	2,421.89
Net fee and commission income	<u>16,253.41</u>	<u>17,329.93</u>

21 OTHER INCOME

<i>In millions</i>	September 30, 2020	September 30, 2019
	MMK	MMK
Gain on disposal of available-for-sale investments ⁽¹⁾	7,306.43	-
Insurance agent commission	1,123.78	970.51
Gain on foreign currency exchange, net	937.82	631.04
Rental income	319.97	1,037.90
Net profit from foreign currency transactions	90.06	63.47
Miscellaneous receipts	67.71	156.04
Gain on disposal of property and equipment	29.36	47.87
Dividend income	6.78	6.78
LIFT-AFP reimbursement	-	104.41
Total other income	<u>9,881.91</u>	<u>3,018.02</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, 2020****22 GENERAL AND ADMINISTRATIVE EXPENSE**

<i>In millions</i>	September 30, 2020	September 30, 2019
	MMK	MMK
Marketing and advertising	3,253.86	4,230.13
Telecommunication and postage	2,298.59	2,210.72
Repair and maintenance	1,995.29	947.08
Office supplies	1,408.28	1,559.97
Utilities expense	747.93	568.32
Travel and entertainment	606.93	1,305.44
IT and software costs	426.19	322.55
Remittance handling expenses	123.50	113.97
Swift charges	67.44	76.40
Other administrative expenses	1,094.17	976.59
	<u>12,022.18</u>	<u>12,311.17</u>

23 PERSONNEL EXPENSE

<i>In millions</i>	September 30, 2020	September 30, 2019
	MMK	MMK
Salaries and wages	14,875.64	14,066.36
Employee bonuses	5,500.00	6,399.33
Employee allowance	1,067.80	2,433.35
Share-based payment expense (Note 16)	1,066.70	-
Employer's contribution to defined contribution plan	443.36	538.97
Income tax and social security contribution	197.23	182.37
Other welfare benefits	15,252.91	12,536.69
	<u>38,403.64</u>	<u>36,157.07</u>

YOMA BANK LIMITED**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2020****24 OTHER EXPENSES**

<i>In millions</i>	September 30, 2020	September 30, 2019
	MMK	MMK
Consultancy expenses	4,776.46	8,857.70
Rates and taxes	8,620.93	2,786.29
Other losses and write-off	1,122.36	837.87
Legal fees	413.05	700.17
Insurance	355.90	251.96
Auditor fees	165.26	224.39
Amortisation of rent expense	58.66	58.50
Maintenance fees for correspondent bank	27.46	31.42
Commission expense for Home loans	43.42	16.94
Refunds, discounts and interest	3.10	6.21
Other fees and expenses	77.26	323.36
	<u>15,663.86</u>	<u>14,094.81</u>

25 INCOME TAX EXPENSE

Domestic income tax is calculated at 25% (September 30, 2019: 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>	September 30, 2020	September 30, 2019
	MMK	MMK
Profit before tax per statement of profit or loss and other comprehensive income	<u>31,406.60</u>	<u>26,483.01</u>
Income tax expense calculated at statutory rate	7,851.65	6,620.76
Tax effect of non-deductible expense (non-taxable income):		
2% general provision on loans and advances	781.28	1,522.85
Gain on disposal of available-for-sale investments	(1,826.61)	-
Gain on disposal of property and equipment	(7.34)	(11.97)
Dividend income	(1.70)	(1.70)
Tax effect of COVID-19 Economic Relief Plan	(872.24)	-
Capital gains tax	2.94	4.79
Income tax expense	<u>5,927.98</u>	<u>8,134.73</u>

YOMA BANK LIMITED**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2020****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, 2020	September 30, 2019
	MMK	MMK
Letter of credit (foreign currency)	22,225.57	30,491.75
Performance guarantees	15,640.07	4,739.22
Performance guarantees (foreign currency)	8,392.26	2,916.00
	<u>46,257.90</u>	<u>38,146.97</u>

27 COMMITMENTS

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

<i>In millions</i>	September 30, 2020	September 30, 2019
	MMK	MMK
a) Lease commitments:		
Within one year	371.45	326.03
In the second to fifth year	9,652.38	10,129.34
From the fifth year onwards	658.32	823.39
	<u>10,682.15</u>	<u>11,278.76</u>
b) Undrawn loan commitments		
Undrawn overdraft	106,676.69	95,911.73
Undrawn trade credit facilities	53,440.35	51,279.59
	<u>160,117.04</u>	<u>147,191.32</u>
	<u>170,799.19</u>	<u>158,470.08</u>

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2020**

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, 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
Loans and advances, net	1,980,729.88	-	1,980,729.88
Investment securities	544,158.14	238,163.98	782,322.12
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

<i>In millions</i>	September 30, 2019		
	Less than 1 Year	More than 1 Year	Total
	MMK	MMK	MMK
Assets			
Cash on hand and at banks	233,238.99	-	233,238.99
Interbank placements	150,504.50	-	150,504.50
Loans and advances, net	1,845,544.22	-	1,845,544.22
Investment securities	216,032.75	265,356.25	481,389.00
Property and equipment	-	27,690.57	27,690.57
Software, licenses and rights	-	4,904.51	4,904.51
Other assets	34,325.21	19,601.35	53,926.56
Total assets	2,479,645.67	317,552.68	2,797,198.35
Liabilities			
Due to non-bank customers	2,566,566.42	-	2,566,566.42
Interbank deposits	483.82	-	483.82
Funds restricted for LIFT-AFP	-	4,459.75	4,459.75
Accruals and other liabilities	75,439.29	4,061.57	79,500.86
Total liabilities	2,642,489.53	8,512.32	2,651,010.85
Net assets	(162,843.86)	309,031.36	146,187.50

YOMA BANK LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 2020**

29 RECLASSIFICATIONS

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year financial statements due to the presentation of interest in suspense and partial loan payments as part of other liabilities instead of deducting them from the interest receivable and loans and advances accounts, respectively.

As a result, certain line items for the comparative figures have been amended in the statement of financial position and related notes to the financial statements.

<i>In millions</i>	Before reclassification	After reclassification
	September 30, 2019	September 30, 2019
	MMK	MMK
Statement of financial position		
Loans and advances, net	1,846,435.27	1,845,544.22
Other assets	74,170.13	53,926.56
Accrued and other liabilities	100,635.48	79,500.86

<i>In millions</i>	Before reclassification	After reclassification
	September 30, 2018	September 30, 2018
	MMK	MMK
Statement of financial position		
Loans and advances, net	1,540,942.16	1,540,605.56
Other assets	64,134.20	55,085.83
Accrued and other liabilities	88,868.97	79,484.00

<i>In millions</i>	Before reclassification	After reclassification
	September 30, 2019	September 30, 2019
	MMK	MMK
Statement of cash flows		
Net cash provided by operating activities	199,792.56	157,548.89
Net cash provided by financing activity	165.44	315.44
Net increase in cash and cash equivalents	65,884.18	119,740.49
Cash and cash equivalents at beginning of the year	167,354.81	181,976.82
Cash and cash equivalents at end of the year	233,238.99	301,717.31

YOMA BANK LIMITED

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2020

30 EVENTS AFTER REPORTING PERIOD

During the second half of FY2020, the Bank has continued to work on plans which were adjusted based on the evolving macroeconomic situations. The Bank has identified the following 4 underlying priorities for the 2021 strategic plan:

1. Supporting its customers and people during COVID-19

In the first weeks of FY2021 the Bank has seen the impacts of COVID-19 increasing exponentially, with full lockdown measures imposed by the government and significant financial difficulties faced by businesses and individual customers. To address this, the Bank is doubling down on programs such as Credit Care and PPP to manage its relationships with customers very closely by providing solutions to aid the customers who need to repay their loans. After the success of its PPP Wave 1, the Bank has just launched a more tailored approach with PPP Wave 2 which has been well received by the customers.

2. Protecting the Bank and managing risk

The Bank will protect its balance sheet with measures such as factoring in an adequate provision, taking into account a potential increase in NPLs, while on the Anti-Money Laundering ("AML") and Know Your Customer ("KYC") fronts, it is investing a significant amount of resources and work to deliver its Anti-Money Laundering and Combating the Financing of Terrorism ("AML/CFT") program. Additionally, the Bank has ran stress scenarios where the outcomes have ensured adequate liquidity and capital under significant stress conditions.

3. Laying the Bank's strategic foundation for when recovery occurs

In 2021, the Bank will largely continue the strategic initiatives that have kicked off in 2020, with some slight re-adjustments to ensure more integration across the initiatives and to build all the capabilities required to scale the initiatives in the coming years.

4. Revenue and short-term profit growth

Each quarter will see tangible outputs to the market, which will provide a better service to the Bank's customers and boost frontline morale. Each initiative will have phased milestones across the four sprint cycles to ensure the Bank has go-live dates in each quarter.