

Ref: 2020 / O-35/ September 2020

## INDEPENDENT AUDITOR'S REPORT

To the Members of Oversea-Chinese Banking Corporation Limited

Report on the Financial Statements

### *Opinion*

We have audited the financial statements of **Oversea-Chinese Banking Corporation Limited (Yangon Branch)** (“OCBC Bank (Yangon Branch)”), which comprise the statement of financial position of Yangon Branch as at 30 September 2020, the statement of cash flows of Yangon Branch for the year from 1 October 2019 to 30 September 2020 and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 31.

In our opinion, the financial statements of Yangon Branch are properly drawn up in accordance with Myanmar Financial Reporting Standards (MFRS) and the provisions of Myanmar Companies Law 2017 ("the Law") so as to give a true and fair view of the state of affairs of Yangon Branch as at 30 September 2020 and of the results and cash flows of Yangon Branch for the year from 1 October 2019 to 30 September 2020.

### *Other Matters*

The financial statements of the Yangon Branch for the financial year ended September 30, 2019 were audited by another firm of auditors who expressed an unqualified opinion on those financial statements in their report dated December 5, 2019.

### *Information Other than the Financial Statements and Auditor's Report Thereon*

Management is responsible for the other information. The other information comprises the Statement of Management’s Responsibilities as set out on page 1.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

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

### *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 Myanmar Companies Law 2017 ("the Law") and Myanmar Financial Report Standards (MFRS) and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing Yangon Branch's financial reporting process.

### *Auditor's Responsibility*

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

As part of an Audit in accordance with MSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, of the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit 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 Yangon Branch's internal controls.
- Evaluate the appropriateness of accounting policies use and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to bring to attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Yangon Branch to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Yangon Branch to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of Yangon Branch audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control.

### ***Report on Other Legal and Regulatory Requirements***

In accordance with the provisions of Myanmar Companies Law, we report that:

- (i) we have obtained all the information and explanations we have required; and
- (i) the financial records have been maintained by the Yangon Branch as required by Section 258 of the Law.

Also, in accordance with Section 89 of the Financial Institutions of Myanmar Law, we report that subject to our management letter, in our opinion, the financial statements are complete and properly and fairly drawn up, and present fairly the operations of the Yangon Branch and that the information obtained from the officers and representatives of the Yangon Branch are satisfactory.



Khin Sandar Win(PA-437)

B.Com.,CPA, DBL

Engagement Partner

WIN THIN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS



07 December 2020

**Oversea-Chinese Banking Corporation Limited (Yangon Branch)**  
**Statement of Financial Position**

	Note	MMK		US\$	
		30.9.2020	30.9.2019	30.9.2020	30.9.2019
<b>Assets</b>					
Cash and cash equivalents	5	490,403,210,301	550,482,679,070	374,782,738	359,135,351
Investment in securities	6	14,854,603,170	7,904,430,918	11,352,391	5,156,857
Loan and advances	7	332,897,503,156	300,990,576,911	254,411,543	196,366,500
Other assets	8	2,193,489,976	2,726,212,568	1,676,339	1,778,583
Current tax assets		2,522,179,578	2,225,778,598	1,927,535	1,452,100
Property and equipment	9	1,245,319,072	85,379,139	951,715	55,701
<b>Total assets</b>		<b>844,116,305,253</b>	<b>864,415,057,204</b>	<b>645,102,261</b>	<b>563,945,092</b>
<b>Liabilities</b>					
Deposits from customers	10	545,481,215,958	540,781,881,372	416,875,214	352,806,543
Deposits from banks	11	89,321,049,385	81,966,541,035	68,262,170	53,475,040
Deferred income		-	57,480,001	-	37,500
Other liabilities	12	2,397,169,028	1,932,175,922	1,831,996	1,260,551
Current Tax Payable		3,145,931,426	3,207,198,012	2,404,227	2,092,378
<b>Total liabilities</b>		<b>640,345,365,797</b>	<b>627,945,276,342</b>	<b>489,373,607</b>	<b>409,672,012</b>
<b>Equity</b>					
Regulatory capital	13	181,875,000,000	181,875,000,000	150,000,000	150,000,000
FX transaction adjustment		12,844,638,255	47,223,226,245	-	-
Reserves	14	6,698,560,375	10,793,482,382	4,544,284	7,124,614
Retained earnings / (Deficits)		2,352,740,826	(3,421,927,765)	1,184,370	(2,851,534)
<b>Total equity</b>		<b>203,770,939,456</b>	<b>236,469,780,862</b>	<b>155,728,654</b>	<b>154,273,080</b>
<b>Total liabilities and equity</b>		<b>844,116,305,253</b>	<b>864,415,057,204</b>	<b>645,102,261</b>	<b>563,945,092</b>
Acceptances, Endorsement and Guarantee per Contra		38,190,136,158	8,364,370,042	29,186,195	5,456,922

*The accompanying accounting policies and explanatory information form an integral part of the financial statements.*

Authenticated by:



Daniel Tan  
 General Manager  
 OCBC Bank, Yangon Branch

**Oversea-Chinese Banking Corporation Limited (Yangon Branch)**  
**Statement of Comprehensive Income**

	Note	MMK		US\$	
		30.9.2020	30.9.2019	30.9.2020	30.9.2019
Interest income	15	26,726,236,666	29,891,056,967	18,702,501	19,505,556
Interest expense	16	(8,970,175,679)	(11,710,020,081)	(6,277,155)	(7,641,431)
<b>Net interest income</b>		<b>17,756,060,987</b>	<b>18,181,036,886</b>	<b>12,425,346</b>	<b>11,864,125</b>
Fee and commission income	17	3,261,631,102	2,727,917,319	2,282,426	1,780,116
Fee and commission expense	18	(572,932,946)	(565,936,065)	(400,927)	(369,304)
<b>Net fee and commission income</b>		<b>2,688,698,156</b>	<b>2,161,981,254</b>	<b>1,881,499</b>	<b>1,410,812</b>
Other income	19	1,996,948,241	1,673,691,202	1,392,327	1,092,176
<b>Total income</b>		<b>22,441,707,384</b>	<b>22,016,709,342</b>	<b>15,699,172</b>	<b>14,367,113</b>
<b>Expenses</b>					
Personal expenses	20	(5,461,144,080)	(5,014,814,022)	(3,821,602)	(3,272,441)
Premises and equipment expenses	21	(2,679,726,637)	(2,554,383,770)	(1,875,221)	(1,666,876)
Tax and duties		(3,844,148)	(22,837,603)	(2,690)	(14,903)
Other operating expenses	22	(1,647,795,678)	(1,422,385,244)	(1,153,095)	(928,184)
<b>Total operating expenses</b>		<b>(9,792,510,543)</b>	<b>(9,014,420,639)</b>	<b>(6,852,608)</b>	<b>(5,882,404)</b>
<b>Operating profit before allowances</b>		<b>12,649,196,841</b>	<b>13,002,288,703</b>	<b>8,846,564</b>	<b>8,484,709</b>
General loan loss provision	7	1,807,342,055	-	1,264,742	-
<b>Profit before income tax</b>		<b>10,841,854,786</b>	<b>13,002,288,703</b>	<b>7,581,822</b>	<b>8,484,709</b>
Less: Income tax expense	23	(3,142,296,664)	(3,206,111,262)	(2,198,918)	(2,092,161)
<b>Net profit for the year</b>		<b>7,699,558,122</b>	<b>9,796,177,441</b>	<b>5,382,904</b>	<b>6,392,548</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>7,699,558,122</b>	<b>9,796,177,441</b>	<b>5,382,904</b>	<b>6,392,548</b>

*The accompanying accounting policies and explanatory information form an integral part of the financial statements.*

Authenticated by:



Daniel Tan  
 General Manager  
 OCBC Bank, Yangon Branch