

For Immediate Release

KBZ BANK AND YOMA BANK TAKE A LEAP FORWARD WITH THE FIRST HISTORIC REPURCHASE AGREEMENT (REPO) IN MYANMAR

Yangon, Myanmar –July 25 2017—KBZ Bank and Yoma Bank have entered into the first repo transaction in Myanmar.

A repurchase agreement (repo) is a form of short-term borrowing for a dealer in government securities. The dealer sells the government securities to a counter-party, usually for a short term and buys it back on an agreed date. For the party selling the security, and agreeing to repurchase it in the future, it is a repo; for the party on the other end of the transaction, buying the security and agreeing to sell in the future, it is a reverse repurchase agreement

This first trade of MMK-1B for overnight and the first trade of MMK-500M for (1) week was entered by the two Banks to test the transaction flows which involves settlement through CBM-NET, the Central Bank of Myanmar's new clearing and settlement system which provides Myanmar's financial sector with a real-time gross settlement system (RTGS).

U Win Lwin, Managing Director of KBZ Bank stated 'This is a remarkable milestone for Myanmar banking sector and financial market development. We are grateful that we initiated repo trades for the development of bilateral interbank lending transactions as an alternative investment structure in the Myanmar financial market with great support from the CBM and our local partner, Yoma Bank. Repos generally provide additional yield as compared to traditional money market instruments. The principal amount of repos can be adjusted up or down according to fund cash flow flexibility. It is often used to fund and cover positions that have been created to hedge, arbitrage or trade against opposite positions in a future derivative such as an interest rate swap or bond future'.

Commenting on the development, Yoma Bank's CFO, Vijay Maheshwari said 'It's a significant development in the Myanmar financial system and we at Yoma Bank are very pleased to be part of the first trade. Repos are an important tool for a sound financial system in Myanmar as it contributes towards efficient liquidity flows in the system. It's a significant achievement by the KBZ and Yoma Bank Treasury teams to plan and execute the test trade. We are also very grateful to the CBM having provided the infrastructure and guidelines to facilitate such transactions amongst Myanmar Banks'.

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About Yoma Bank

Founded in 1993, Yoma Bank is Myanmar's most progressive domestic bank. Over the past few years, Yoma Bank has made significant investments in strategic priorities - people, technology and corporate governance. Yoma Bank is Myanmar's fourth largest bank by assets with 3000+ employees and 65 branches across the country. Yoma Bank was the International Finance Corporation's (IFC) first direct investment in Myanmar in 2014 and it benefitted from a comprehensive 3-year advisory package to upgrade credit risk management, finance, treasury, product development and to procure a new core banking system (Misys Fusion Banking Essence). Yoma Bank also receives ongoing technical assistance from GIZ, the German development agency, to improve and expand our SME lending. In 2015, Yoma Bank formed a strategic partnership with Telenor (Myanmar's largest foreign Telco) to develop nationwide digital financial services through the formation of Wave Money, a mobile financial services company. Yoma Bank has benefitted from a significant grant from LIFT, a multi-donor, UNDP administered trust fund, to expand agribusiness finance to Myanmar's underserved agricultural community - a key segment in Myanmar's development. Technical assistance for this program is provided by Rabo Bank, a Dutch agricultural bank. Yoma Bank is committed to financial inclusion in Myanmar.

About KBZ Bank

KBZ Bank, established in 1994, is the largest privately owned bank in Myanmar and the first to have expanded internationally, with representative offices in Singapore, Thailand and Malaysia.

With 18,000 staff, more than 475 branches nationwide and 40% market share of both retail and commercial banking, KBZ is leading the way for Myanmar's rapidly developing financial services industry through an approach that understands the unique context of the country's economy as it transitions towards a digital future.

As Myanmar's economy expands and opens up, KBZ sees an exciting opportunity to further work with international investors, providing a critical bridge to Myanmar's fast-growing cities, entrepreneurs and local communities.

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