DAVE GRACE
AND ASSOCIATES

Myanmar Microfinance Institutions

Health Check Survey Results

November 2021

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Foreword Message from MMFA Chairman

The microfinance sector in Myanmar has been facing significant challenges and difficulties starting from last year due to Covid-19 pandemic and recent changes in the political landscape. To understand the impact of these changes and how the microfinance sector has been affected, MMFA has conducted an MFI Health Check Survey by collecting data and holding focus group discussions with local and foreign MFIs. For the survey, MMFA and ADA have been working together with ThitsaWorks and Dave Grace & Associates to design the overall methodology of the study, data collection process, data analysis and generate the end report that is insightful for all the stakeholders of the MFI sector. all the MFIs, investors, regulators and stakeholders will benefit from these survey findings by understanding the trends in the sector, impact on the demand for microloans, impact on MFIs' outreach, portfolio quality, operations on the ground and their financials as a result of waves of changes in the country.

Since advocacy and lobbying are one of the highlighted activities of MMFA, we do believe that these survey results will contribute in policy recommendations to the regulator due to the insightful inputs. Nevertheless, if this survey spotlights the hardship faced by MFIs in the current situation and can draw attention of the authority and all concerned parties, we believe that the survey has achieved its very purpose and MMFA has earned another milestone thanks to its long-time partners and supporters, and its member organizations who have contributed to the survey.

I. Introduction

Like most countries, over the last 18 months Myanmar has struggled with erratic closings and openings of its economy due to the COVID-19 pandemic. However, it has also had to deal with significant political unrest, a currency crisis and a banking crisis. Before the pandemic Myanmar was averaging 6%-7% GDP growth between 2015 and 2019. Inflation had stabilized to 4%-8% from the 20%-30% earlier in 2006-09 and there was significant foreign investment that was starting to come in. In October, 2021 the International Monetary fund indicated Myanmar's GDP was -17.9%. To understand the impact these crises have had on lower-income clients, and especially women who comprise 85% of clients in microfinance institutions (MFI), the Myanmar Microfinance Association (MMFA) with support from Appui au Développement Autonome (ADA) in collaboration with Dave Grace & Associates (DGA) and ThitsaWorks have conducted a detailed survey of the MFI sector. The objective of the study was to gather clear evidence on the impact of COVID-19, the political unrest, and the banking crisis on the microfinance institutions, their clients and stakeholders.

The study also allows MMFA to align its priorities to industry trends and member needs, to strengthen its advocacy capacity, and in the long-term improve its data monitoring system. To augment the data collected in the survey comprehensive focus groups with local and foreign MFIs were held and data from the MFI sector's quasi credit bureau, the Microfinance Credit Information Exchange (MCIX), was analyzed.[1] The information gathered shows a significant resilience in the face of pandemic, economic and political stresses by both clients and their MFIs.

II. Methodology

The economic impact on clients from COVID-19, the political crisis and banking crisis would be much worse had it not been for MFIs.

To assess the financial impact of the pandemic, economic crisis and political unrest, in early 2021 a comprehensive on-line survey titled *MFI Health Check Survey* was distributed for completion to all MMFA members and non-members for which contact information was available (140 of 188 MFIs). The survey was available in English and Myanmar and was completed by 48 local and foreign-owned MFIs from August – September 2021. Together these 48 respondents served over 4.4 million clients as of December 31, 2020 across 12 regions of the country. They had 1,220 branches and their total assets were 2.3 trillion kyat (US$1.7 billion).[2] While the 48 respondent MFIs represent only 25.5% of the licensed MFIs, all of the largest MFIs responded, and together this group represents 75% of the total assets and 75% of the members in the sector as of December 2020. As such, we believe the survey data presents an accurate picture of the sector.[3]

[To understand how fast things changed for both clients and MFIs, data was collected for two dates: December 31, 2020 and May 31, 2021 as highlighted in yellow in Figure 1.

[1] MCIX collects data from 56 MFIs and has information on approximately 2.1 million unique borrowers. During these trying times some MFIs have not consistently contributed data and/or some optional fields have not been completed which could explain dips in some data.

[2] By comparison, private banks had total loans outstanding as of September 2020 of MMK 27 trillion and state-owned banks had MMK 4.2 trillion in loans outstanding per Central Bank of Myanmar Statistics. However, 77% of these loans by private banks were located in Yangon and only 2% of the bank loans are unsecured compared to 100% of MFI loans. MFIs also had 38% of all private sector bank and non-bank branches.

[3] Source: MFI Health Check Survey 2021 and Central Bank of Myanmar's Quarterly Financial Statistics, August 2021.

Figure 1: Evolution of Events in Myanmar

Mar '20	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec '20	Jan	Feb '21	Mar	Apr	May '21	Jun	Jul	Aug	Sep	Oct
									Data Set #1					Data Set #2					
1st COVID Wave																			
					2nd COVID Wave														
															3rd COVID Wave				
											Political Unrest								
												Banking Crisis							
																		Foreign Exchange Crisis	

Gender disaggregated data was gathered on active clients, their outstanding loans and voluntary savings, to understand how events have affected men and women differently. Data for the two periods were also gathered for the MFIs: number of branches, total assets, total equity, net income, non-performing loans, restructured loans, MFI borrowings, equity investments received, and MFIs' own abilities to repay their loans to creditors. Additional survey questions included the greatest challenges MFIs face and where they need support from development partners. See Annex 1 for a summary of the survey findings.

The survey data was supplemented with information from the MCIX on the number and gender of active borrowers, the aging, delinquent and write-off of loans for approximately 30 larger MFIs that consistently contribute data. Monthly data from MCIX was reviewed for December 2020 through August 2021.

Lastly, two separate 90-minute focus groups were held with 15 MFIs (8 foreign-owned MFI and 7 local MFIs) via virtual video calls in early October 2021 to obtain additional qualitative insights. See Annex 2 for a list of questions discussed during the focus groups.

While we originally anticipated a greater number of respondents, many MFIs were concerned about sharing any data because of a level of mistrust despite assurances of confidentiality and security measures taken. Only summary findings are presented in this report to ensure confidentiality.

The MFI survey data analysis was done through the lens of three peer groups based on their total assets. Tier 1 includes 8 MFIs with at least 100 billion MMK (US$74 million) in total assets. Tier 2 includes 12 MFIs with total assets between 100 Billion MMK and 10 Billion MMK (US$7.4 million) in assets. And Tier 3 includes 28 MFIs with assets below 10 Billion MMK.

III. MFI Health Overview

Given the enormous challenges the MFI sector has faced, it performed remarkably well and there have been no deposit runs on the 21 deposit-taking MFIs. That said, the number of clients, and voluntary savings have all decreased between December 2020 and May 2021. Previously, the MFI sector had been growing at a rate of 50-60% per year in assets. Before the pandemic the sector almost seemed "immune" to non-performing loans, given the heavy reliance on group guarantees, low debt burden by many clients, and expanding economy. After the first wave of the pandemic in Myanmar, non-performing loans (NPLs) increased but were still manageable at 3% to 4% of total loans. However, by December 2020 NPLs had spiked to 9.6% -- a historic high point in the sector -- and then nearly tripled within the following 5-months as a result of the political unrest, to 25.3%. Fortunately, very high solvency levels have enabled MFIs to weather the storms so far. Figure 2 shows that total loans outstanding have remained relatively stable throughout the crisis per data from MCIX.

Figure 2: Number of Loans Outstanding by MCIX Members

Source: MCIX data 2020-2021.

The rest of this section looks at what has occurred in MFIs in terms of credit risk, savings, assets and equity. This is followed by an analysis of the potential impact of MFI activities on clients, with a particular focus on women.

A. Credit Risk

The single largest impact of the pandemic and political unrest on MFIs and their clients is through the substantial increase in non-performing loans which was observed across all three peer groups of MFIs. There is a significant homogeneity in loan portfolios among MFIs in part because of the regulatory limits on maximum loan size (10 million MMK or US$7,600) and their inability to take physical collateral per FRD regulations. As such, most MFIs pre-pandemic and throughout still predominately make group guaranteed loans for 6 to 12 months for 400,000 to 600,000 MMK (US$300-$400) which are amounts and terms that other group members are willing to provide group guarantees for. As a result of this homogeneity most MFI loan portfolios were affected in a similar manner.

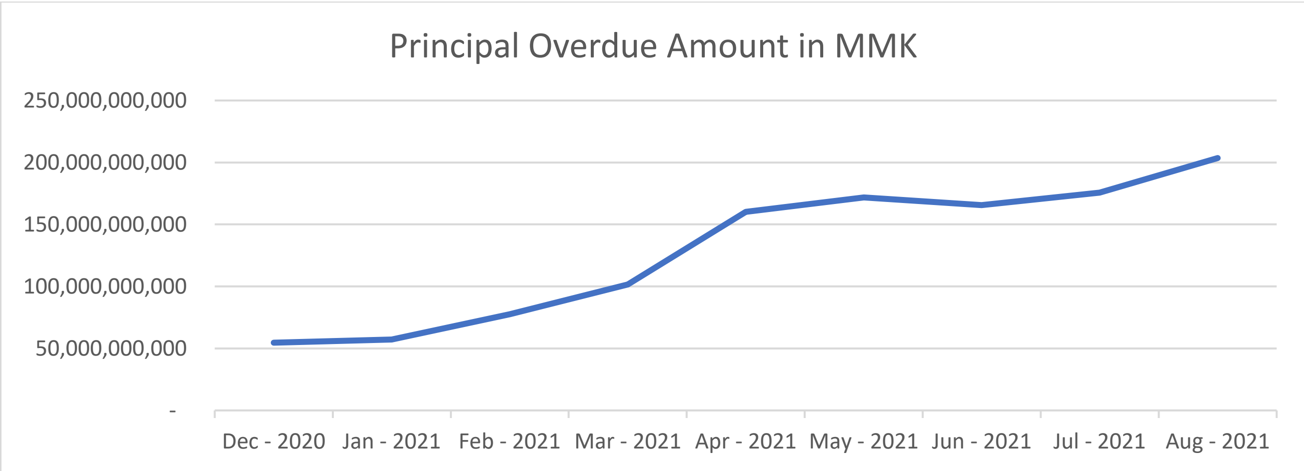
By historical standards, the December 2020 level of NPLs of 9.5% was a major blow to the credit quality of Myanmar MFIs. For example, throughout 2018 and 2019 NPLs in the sector averaged at less than 1% and loan loss reserves stood at 1.6% of total loans. This was due to a large demand from clients, very little leverage by them and strong economic growth. The first wave of the pandemic had a limited impact on NPLs: once the lockdown ceased clients were eager to repay their MFI loans and maintain their access to credit from MFIs that were eager to keep lending. The second wave of the pandemic was more troubling, and by December 2020 NPLs have reached a historic high of 9.6%. As shown in Figure 3 below, Tier 1 MFIs had lower NPLs among the three groups as these larger MFIs have more resources to collect and monitor NPLs than smaller MFIs. However, for all three tiers the level of NPLs is unsustainable for the long-term solvency of the sector. During focus groups some MFIs discussed regional variations that they are seeing in non-performing loans where rural areas are performing better than urban areas, but other MFIs saw different patterns if they were operating in a region where there has been significant on-going political conflict.

Figure 3: Non-Performing Loans

Tiers	NPLs in December 2020	NPLs May 2021
Tier 1	8.6%	22.1%
Tier 2	12.5%	37.4%
Tier 3	15.2%	38%
Overall Average	9.6%	25.3%

In addition to these high levels of NPLs, 4% of the loan portfolio has been restructured in December 2020, and 3.6% was the restructured amount in May 2021. Overall, the total loan portfolio for the sector declined by 32 billion MMK (US$16.5 million) or 1.6%. Lenders struggled with having sufficient liquidity to make new loans, demand decreased and the cash coming in from outstanding loans has dwindled as well. Data from MCIX in Figure 4 shows the steep upward trend throughout 2021 in overdue loans.

Figure 4: Growth in Overdue Loans in 2021 for MCIX Members



Source: MCIX data 2020-2021.

B. Savings and Liquidity

Voluntary savings still make up a small share (7%) of the sources MFIs rely on to fund their loan portfolios. The prevailing image that many have of the banking sector over the past year has been of long queues of people waiting to withdraw their money. In contrast, 10 of 21 deposit-taking MFIs saw their deposits *increase* (in some cases significantly) as clients withdrew their savings from banks and placed them with MFIs which were trusted alternatives and had fewer withdrawal restrictions. Dissimilar to banks[4], of the 21 MFIs authorized to take voluntary savings 76% did *not* institute limits on withdrawals and one-third of this sub-set of MFIs saw savings increase between December 2020 and May 2021. This feeling by MFI clients that they could still access their money helped stem a panic, and total deposits between December 2020 and May 2021 were down only 3.3 Billion MMK (US$2.4 million) or 2.2%. MFIs that did experience a decrease in deposits report that it was a result of either a loss of clients or new deposits not coming in as economic activity for clients slowed, as opposed to large withdrawals by panicked bank clients. As shown in Figure 5 below the smaller deposit-taking MFIs in tiers 2 and 3 saw savings increase or stay the same between December 2020 and May 2021.

Figure 5: Growth or Decline in Voluntary Savings by Tier

Tier	December 2020 to May 2021 Growth or Decline in Vol. Savings in MMK	Percentage Growth or Decline in Voluntary Savings
Tier 1	-9,149,856,383	-6.5%
Tier 2	5,856,983,329	40.0%
Tier 3	1,436,035	0.2%%
Overall Average	-3,291,437,019	-2.2%

MFIs, like most formal businesses, have been adversely affected by both the cash withdrawal limits at banks and the more recent currency devaluation which has affected their ability to pay back loans in US dollars or euros to foreign lenders. The survey reveals that 92% of MFIs have had a negative impact on their ability to make loans because of the withdraw limits at banks as they could not access liquidity in their bank accounts to generate loans. Many MFIs indicated that they used their un-reachable cash balances at banks to repay their loans to local banks. Repayments of foreign loans has been much harder for MFIs which reported 4-6 weeks delays before international wires can be sent from banks given the difficulties in sourcing foreign currency.

C. Net Income and Solvency

The MFI sector as a whole saw a modest increase in total assets (5.7%) between December 2020 and May 2021, primarily as a result of a couple of large foreign MFIs receiving significant equity investments from their foreign parent companies in January 2021. This is reflected in the

[4] Most banks in Myanmar set daily withdraw limits set at 200,000 kyat (US$128) to 300,000 kyat (US$192) per day.

tier 1 MFIs having a 57% increase in equity between December 2020 and May 2021 while tier 2 and 3 MFIs had a 2% decrease in equity.

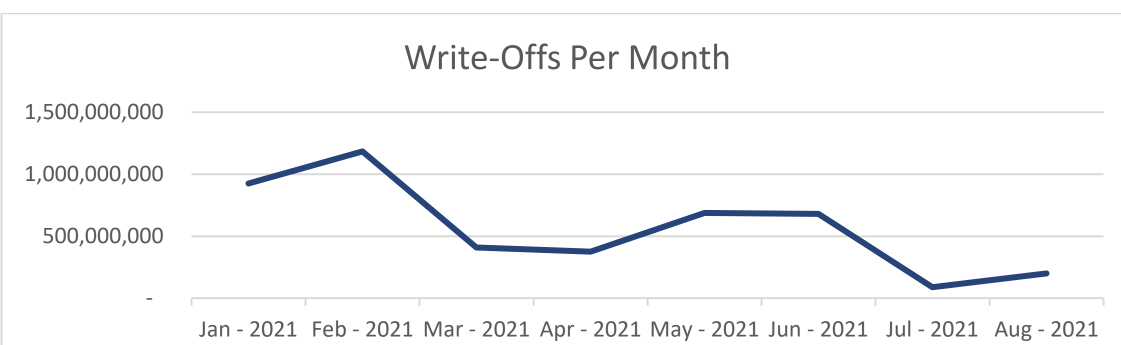
Across all MFIs there has been a significant impact on profitability, with 62% of the MFIs having a negative net income in May 2021. Compared to May 2020, the net income decreased by 66% but was still positive overall for the sector as well as for tier 1 and 3 MFIs in aggregate. Because most MFIs rely on their equity as the primary source of funds for lending (especially the smallest MFIs which are less able to borrow), they had very strong solvency ratios coming into the pandemic and through the political unrest – see Figure 6 below. The strong return on assets in the smallest MFIs may be explained by their much lower operating costs with further cost cutting measures, less provisioning for potential loan losses and/or accrual of income from loans that aren't being repaid.

Figure 6: Profitability and Solvency

Tier	Return on Assets May 2021	Net Income Decline Dec. 2020 to May 2021	Solvency Ratios May 2021
Tier 1	0.7%	-65%	42%
Tier 2	-0.8%	-107%	40%
Tier 3	8.4%	-9.4%	71%
Overall Average	**0.7%**	**-66%**	**42%**

While NPLs have spiked and income dropped quickly, as of May 2021 MFIs were still marginally profitable, making new loans, collecting savings, the number of clients served were steady or had small declines, and the sector had very strong levels of solvency. However, 25% NPLs are unsustainable in the medium to long term. Moreover, monthly data from MCIX through August 2021 suggests that NPLs over 90 days have continued to grow after the month of May although written off loans have declined. Figure 7 provides a recap of the monthly write-off of loans as reported by MCIX members. However, loan write-off data (like many data fields reported to MCIX) is a voluntary field and some MFIs did not upload data for certain months or appear to only be writing off loans quarterly. Efforts have been made to adjust for this inconsistency but the data could nonetheless be affected by MFIs voluntarily not reporting.

Figure 7: Monthly Write-Offs Among MCIX Members



Source: MCIX data 2020-2021.

While the downward trend of written-off loans should be a positive event, *if* MFIs are not keeping up with loan loss provisions (because of the ballooning NPLs and decreased profitability), the reduction in write-offs could be misleading. In focus group discussions several MFIs indicated they were unsure of how many the loans that are currently at-risk they expect to incur losses on, given the unprecedented nature of events, and that they continue to work with clients on rescheduling loans and collections. As such, the level of provisioning in MFIs given the rising NPLs is an area needing further study.

IV. Client Financial Health and Impact on Women

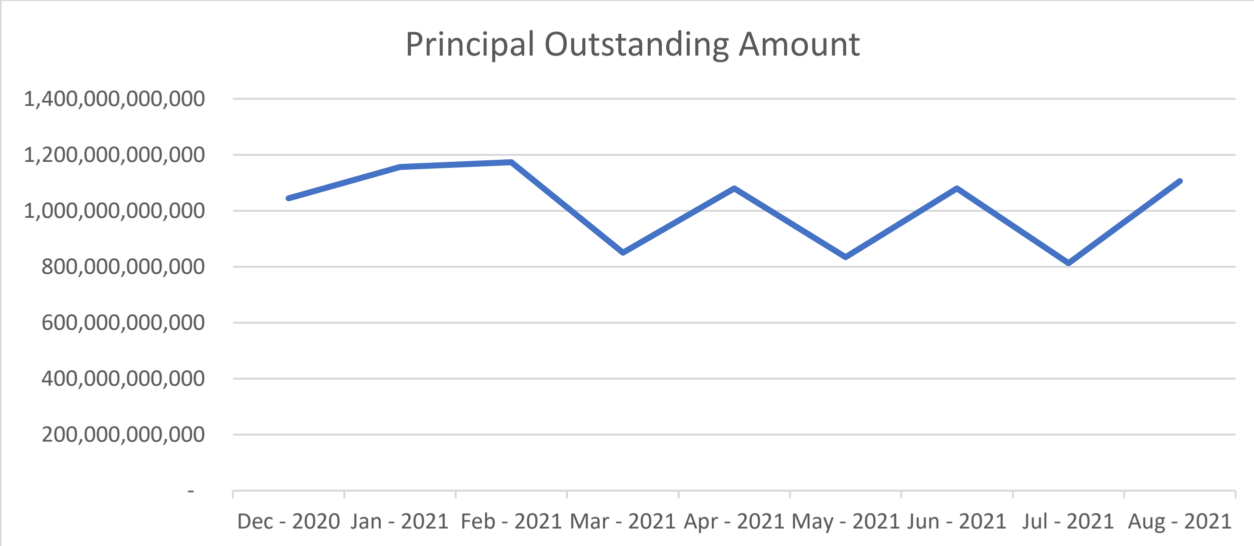
Although our survey did not focus directly on the clients themselves, focus group discussions with MFIs did reveal information about their clients' financial health as some MFIs have been surveying their clients. At the start of the pandemic the surveyed MFIs served approximately 4.5 million clients compared to an estimated 2.2. million clients in the banking sector.

However, as of May 2021 62% of MFIs had experienced *declines* in membership compared to December 2020. The MFI sector as a whole lost 22,000 clients or -0.5% of total clients as of May 2021. Given that the sector had been accustomed to 15-20% annual growth in clients -this is a significant turn of events. The decline in clients was predominantly driven by women, as 44,800 women left the MFIs while 18,600 men joined, for a net loss of 22,000 clients[5] between December and May. The loss in clients is the result of people being more conservative with their desires for obtaining loans given the instability in the country. Overall, MFIs report little to no growth in new clients as existing clients repaid their loans. While 85% of all clients are still women, as MFIs pre-pandemic and throughout shifted more toward individual loans and less on group guarantee loans, more men have entered the sector as anticipated.

Likewise, the decrease in loan portfolios reflected gender differences. Women decreased their loans by 45 billion MMK (US$27 million) or 2.5% from December 2020 to May 2021, and men increased their borrowing by 6 billion MMK (US$3.6 million) or 2.2% of their share of the loan portfolio. Between December 2020 and May 2021, the average loan size stayed constant at approximately 480,000 MMK (US$366). Data from MCIX in Figure 8 shows some variability in the outstanding loan portfolios among MFIs reporting to MCIX, albeit with a relatively flat trendline which has continued since May 2021.

[5] There was also a loss of 4,200 clients where some MFIs did not report the clients' gender.

Figure 8: Outstanding Loan Amounts in 2021 as Reported to MCIX



Source: MCIX data 2020-2021.

Similar to the lending side, women's savings decreased by 6.8 billion MMK (US$4 million) or 5.7%, while men's savings increased by 1 billion MMK (US$0.6 million) or 12.5%. The overall reduction of savings balances was 2.2% as clients needed to rely on their savings as a shock absorber during an economic slowdown.

The dramatic and still increasing level of NPLs and the reduction in the amount saved by clients, especially women and their role in household nutrition and child care, paints a concerning picture of the MFI clients' financial health. To compensate for this crisis, clients have tried to deleveraged by borrowing less and have kept their savings at the MFIs as opposed to storing it at home or in gold to ensure they will have access to credit, if needed. Data from MCIX shows that between May – August 2021 the number of female clients continued to decline by another 8% among the reporting MFIs and the number of male clients held steady.

V. Concerns for the Future and Where Support is Needed

Unlike banks which rely on deposits to generate loans, MFIs in Myanmar have relatively few deposits and are accustomed to borrowing to fund their loans. In fact, 75% of the surveyed MFIs had loans outstanding from local or international entities to help fund their loan portfolios. This has changed since the onset of the pandemic and political unrest. Even before the currency crisis only 1 MFI was able to obtain a loan from a foreign source and only 4 MFIs were able to obtain loans from private local banks during this crisis period. In addition, there has been very little access to additional equity between December and May 2021. Only 1 MFI reported new equity from a local source and 3 MFIs reported new equity from foreign sources (most of which occurred in January). However, many MFIs did obtain loans to help tea shop owners and a few MFIs received "deferred" loans for liquidity from the Myanmar Economic Bank.[6] MFIs also report that there were limited opportunities for them to take new loans both domestically and, to a lesser extent, from foreign entities. In addition, approvals from the Financial Regulatory Department have not been forthcoming and strong advocacy in this area is needed, as the economic impact on clients from COVID-19, the political crisis and banking crisis would be much worse had it not been for MFIs.

Within the survey and during focus group discussions MFIs indicated that both local and foreign lenders have been accommodating with additional time to make payments. Approximately 30% of the surveyed MFIs had requested to reschedule their loans and 22% were approved; one-third (16 MFIs) were late on their payments to lenders and 5 MFIs (10% of the total surveyed) were in default on their loans. This includes two MFIs in Tier 2 and three MFIs in Tier 3. None of the largest MFIs were in default but two were late on loan payments. To understand the funding complexity of some MFIs, during the focus group one MFI indicated that it had loans with 13 different lenders. The lenders have jointly agreed to allow the MFI to delay capital payments on all loans for the next six months while interest payments continue.

The 19% devaluation of the kyat versus the US dollar since May 2021 and the 47% devaluation since the start of 2021 has made repayment of dollar denominated loans especially difficult and are compounding profitability challenges for MFIs. The foreign exchange costs and risks are now a major concern for several large MFIs and local borrowing is more attractive even at higher interest rates.

As part of the MFI Health Check Survey, they were asked about their greatest concerns going forward. The top concern for MFIs is the high level of non-performing loans, the second top concern is the level of profitability, and the third concern is access to liquidity.

MFIs across all three tiers expressed the following needs for support in order of importance: 1) access to loans and grants, 2) technical assistance on loan restructuring and financial management, 3) help moving to digital delivery of services, and 4) equity funding. MFIs discussed the challenging foreign exchange environment and the existing hedging facilities which have been helpful, however, they have not been enough to offset the cost. The MFIs also expressed the need for development partners to recognize the difference between supporting MFIs and their clients versus supporting the current un-elected administration.

[6] Before the political crisis the Financial Regulatory Department worked with Myanmar Economic Bank (MEB) to offer two lines of liquidity to MFIs. The first from July 2020 was known as "teashop" loans as these we to be made available to teashops, restaurants and groceries for one year with 1% interest. In October 2020 a "deferred" loan program was announced as temporary debt relief for MFI clients in Yangon, Bago and Rakhine they had been most effected. The one-year loan to MFIs was intended to provide them loans equal to the deferred principal on loans to clients in these regions. MFIs have reported fewer disbursements of these loans.

VI. Recommendations

The following recommendations were developed for MFIs and their partners. Recommendations are broken down by organization(s) as each stakeholder plays an important role in supporting clients and maintaining the resiliency of the microfinance sector.

MFI Recommendations

- Review provisions for loans losses and allocate additional provisions as needed to reach regulatory norms. Loans that cannot be recovered or have been non-performing for over one-year should be written off.

- Continue to make new loans for borrowers that have the capacity to repay and reschedule existing loans for members that are struggling to repay.

- Deposit-taking MFIs that have not put limits on withdrawals were more likely to see their saving grow between December 2020 and May 2021. To the extent possible, deposit-taking MFIs should eliminate withdrawal limits for clients and seek to establish domestic backup lines of liquidity.

- In order to reduce credit risk individually and collectively MFIs should join a credit information exchange, such as MCIX, and expand the type of data reported to make the system more useful.

MMFA Recommendations

- Focus on re-establishing a strong advocacy position with the Financial Regulatory Department.

- Improve data collection and analysis so that it can be a credible advocate for the sector. This includes further promotion of additional *mandatory* fields in MCIX to improve sector-wide credit analysis.

FRD Recommendations

- Improve communication with the sector and ensure that requests for loan approvals from well-performing MFIs are acted upon promptly.

- Monitor the financial performance of the sector closely but allow for regulatory forbearance until the situation improves.

- Work with CBM to enable banks to make additional liquidity available to MFIs.

- Require all MFIs to participate in a credit information exchange whose governing board includes representation from the MFI sector. Credit information should include at a minimum mandatory reporting on borrower level data by gender, amount and date of original loan(s), amount outstanding, amount past due, days past due, write-off amount and write-off date.

MFI Creditor Recommendations

- Continue to work with MFIs on loan rescheduling and/or deferment of payments until the currency crisis subsides. To the extent possible this should be done on a collaborative basis among common creditors of an MFI.

Development Partner Recommendations

- As female clients dominate the MFI sector and global experience shows that women who earn income invest more of their incomes into the health and education of families, development partners should re-engage with the microfinance sector focusing on humanitarian support. Two-thirds of the clients indicated their MFI is their only source of formal credit.[7] The MFI sector is the primary private-sector economic engine for low-income communities (especially women) nationwide, and remains independent of government.

- Principal areas of re-engagement should be through:
    - Provision of concessional loans/grants and/or provisions for loan losses to MFIs.
    - Technical support related to institutional strengthening to ensure this critical segment of the financial sector remains resilient.
    - Technical support and grant funding to aid MFIs in digital delivery of services.

[7] Gender and Microfinance in Myanmar: A Business Case for Action. International Finance Corp. 2020.

Annex 1: Summary MFI Health Check Survey Results

Tiers	Active Clients 2020Dec31	Active Clients 2021May31	Experienced Higher than normal NPLs	Strained communications with clients	Lower profitability	Loans Outstanding 2020Dec31	Loans Outstanding 2021May31	Voluntary savings 2020Dec31	Vol. Savings of females 2020Dec31	Voluntary Savings 2021May31	Vol. Savings of females 2021May31
Tier 1 > 100 Billion MMK	2,832,626	2,899,751	8	7	8	1,636,646,078,164	1,646,193,411,789	140,740,540,194	114,044,047,462	131,590,683,811	106,044,404,609
Tier 2 > 10 Billion MMK	1,228,407	1,151,282	12	12	10	447,689,420,172	406,309,827,701	7,813,284,115	4,570,986,615	13,670,267,444	5,811,895,691
Tier 3 < 10 Billion MMK	356,949	344,629	19	20	22	37,996,050,941	36,882,397,127	753,542,303	242,461,801	754,978,338	191,661,595
TOTALS	4,417,982	4,395,662	39	39	40	2,122,331,549,277	2,089,385,636,617	149,307,366,612	118,857,495,877	146,015,929,593	112,047,961,895

Tiers	Non-performing loans 2020Dec31	Non-performing loans 2021May31	Total Assets 2020Dec31	Total Assets 2021May31	Net Income 2020May31	Net Income 2021May31	Restructured loans 2020Dec	Restructured loans 2021May	Greatest Concern: Non performing loans	Greatest Concern: Profitability	Support Needed: Loans or grants	Support Needed: Technical Assist.
Tier 1 > 100 Billion MMK	140,987,320,991	363,234,949,703	1,879,725,425,691	2,033,411,631,219	43,072,740,360	15,136,376,879	30,112,879,546	22,373,758,125	3	7	8	5
Tier 2 > 10 Billion MMK	55,992,963,312	152,151,827,168	583,007,885,691	570,663,415,384	6,996,678,601	(475,560,240)	50,965,069,464	46,983,488,788	9	5	9	4
Tier 3 < 10 Billion MMK	5,792,999,882	14,029,563,355	44,582,506,756	45,693,382,359	4,256,632,896	3,858,366,972	4,700,311,761	5,896,865,758	18	11	18	15
TOTALS	202,773,284,185	529,416,340,226	2,507,315,818,138	2,649,768,428,962	54,326,051,857	18,519,183,611	85,778,260,771	75,254,112,671	30	23	35	24

Annex 2: Focus Group Questions

1. Some MFIs have lost clients between December 2020 and May 2021 and some have gained clients. Why do you think some clients left and some joined? What could be the reasons?

2. The loan portfolio of the MFI sector has reduced 1.2% between December 2020 and May 2021. Please describe why this has occurred.

3. What have MFIs done with the excess liquidity as they have not been lending as much?

4. Do you think the liquidity in banks is at risk of loss?

5. Voluntary savings have dropped 5.5% in the sector. Do you think it will stay steady, decrease or increase over the next 12 months?

6. What has been your experience with foreign lenders during the crisis? Is a grouped effort needed to negotiate with lender or with other funding be needed for the recovery phase?

7. How about local lenders?

8. It appears some loans from funders have been converted into equity, if so, under what conditions? Please describe why and how this has occurred? Is it subordinated debt with a long repayment or shares?

9. Preliminary data indicates NPLs have gone from 4.6% in December to 24.4% in May 2021. What amount of this is recoverable? What strategies will be used to recover these loans or write them off?

10. What should be the top priority for MMFA in the next 12 months?

11. What should be the top priority for Development Partners in the next 12 months?

12. What should be the top priority for FRD in the 12 months?

13. Do you forecast any equity needs / capital injections in the near future?

14. Did your MFI apply for tea shop loan? If so, did your MFI pay back partially or fully? If not, have you applied for loan extension and what is the response from FRD?

15. Has your MFI applied for a deferred loan? Are you able to get the loan? If not, how did this affect the liquidity of your MFI?