YANGON UNIVERSITY OF ECONOMICS

DEPARTMENT OF COMMERCE

MASTER OF BANKING AND FINANCE PROGRAMME

FINANCIAL PERFORMANCE OF SELECTED PRIVATE BANKS IN MYANMAR

NWAY ZAR CHI MIN

MBFII-42/3RD

MBF 4TH BATCH

JUNE, 2024

FINANCIAL PERFORMANCE OF SELECTED PRIVATE BANKS IN MYANMAR

A thesis submitted as a partial fulfillment towards the requirements for the degree of Master of Banking and Finance (MBF)

ACADEMIC YEAR (2022-2024)

Supervised by:

Dr. Aye Thu Htun

Professor

Department of Commerce

Yangon University of Economics

Submitted by:

Nway Zar Chi Min

Roll No. 42/3rd Batch

MBF Day 4th Batch

Yangon University of Economics

JUNE, 2024

ACCEPTANCE

Accepted by the Board of Examiners of the Department of Commerce, Yangon University of Economics, in partial fulfillment for the requirements of the Master Degree, Master of Banking and Finance.

BOARD OF EXAMINERS

(Chairperson)
Prof. Dr. Tin Tin Htwe
Rector
Yangon University of Economics

(Supervisor)
Prof. Dr. Aye Thu Htun
Professor
Department of Commerce
Yangon University of Economics

(Examiner)
Prof. Dr. Thynn Thynn Myint
Professor / Head
Department of Commerce
Yangon University of Economics

(Examiner)
Prof. Dr. Aye Thanda Soe
Professor
Department of Commerce
Yangon University of Economics

(Examiner)
Prof. Dr. May Su Myat Htway Aung
Professor
Department of Commerce
Yangon University of Economics

JUNE, 2024

ABSTRACT

The study aims to achieve two objectives: first, to evaluate the financial performance of selected private banks and second, to analyze the effect of CAMELS variables on the financial performance of the selected private banks in Myanmar. This study was conducted on five selected private banks out of 27 private banks: CB Bank, Yoma Bank, uab Bank, Myanmar Citizen Bank (MCB), and First Private Bank (FPB). The research method of this study is the quantitative method by using secondary data from audited financial statements for six fiscal years period from 2017-2018 to 2022-2023. Pre-regression analysis, multiple regression analysis, correlation analysis, and descriptive statistics were used to analyze the data. The study's main finding was that private banks' financial performance is significantly affected by six CAMELS variables: known as capital adequacy, asset quality, management efficiency, earning quality, liquidity, and sensitivity to market risk. Among six CAMELS variables, the study proved that capital adequacy, earning quality, and management efficiency were the influencing factors on the financial performance of private banks. The greatest favorable positive effect on financial performance is shown in capital adequacy while the sensitivity to market risk has the least negative effect on the financial performance of private banks. According to the study, private banks in Myanmar need to intensify the capital structure, up-grade their earning capability and minimize non-interest expenses for better control in order to achieve sustainable improvement in financial performance of the private banking sector.

ACKNOWLEDGEMENTS

I would like to appreciate the invaluable support and guidance I have received throughout the completion of my thesis. First and foremost, I would like to express my heartfelt appreciation to the Rector, Prof. Dr. Tin Tin Htwe, Yangon University of Economics for giving me opportunity to do this thesis as requirement of Master Degree.

My sincere appreciation is extended to Prof. Dr. Thynn Thynn Myint, Program Director of the Master of Banking and Finance Program and Head of Department of Commerce for her invaluable advices, patience, motivation and encouragement towards the success of this study.

Especially, I am highly appreciated to my supervisor, Prof. Dr. Aye Thu Htun for her valuable supervision, advices and guidance throughout the whole period of preparing thesis.

I would like to express my sincere gratitude to all professors, associate professors, lecturers, and visiting lecturers of the Master of Banking and Finance Program for the various role each of them played towards the successful completion of this study. Their expertise and mentorship have been instrumental in shaping this work and pushing me to expand my intellectual boundaries.

Additionally, I would like to special thanks to my classmates and colleagues for sharing the spirit of friendship and passing together along the Master program.

Finally, I would like to express my heartful indebtedness to my family and friends for being there all the time I needed them, continuous support, patience and kindness throughout the study period.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

ALCO	Asset Liability Committee
ALM	Asset Liability Management
AQ	Asset Quality
CA	Capital Adequacy
CAMEL	Capital, Asset quality, Management Efficiency, Earning quality, Liquidity
CAMELS	Capital, Asset quality, Management Efficiency, Earning quality, Liquidity, Sensitivity to market risk
CBM	Central Bank of Myanmar
EQ	Earning Quality
LQ	Liquidity
ME	Management Efficiency
NIIM	Net Interest Income Margin
NPL	Non-performing Loan
ROA	Return on Assets
ROE	Return on Equity
RWA	Risk Weighted Assets
SM	Sensitivity to market risk
SME	Small and Medium Enterprise

CHAPTER I
INTRODUCTION

The financial sector is essential in the growth of a nation with respect to its performance and development. A banking institution is the center of the financial system of any country irrespective of its development or otherwise. The difficulties associated with the banking sector in a nation will result to the general deterioration of economy in that particular nation. Therefore, the financial performance in the context of the banking institutions is strategically important for maintaining a stable financial environment. According to Mansyur (2017), financial performance is an overview of how well management is utilizing corporate resources to maximize profitability.

Financial institutions are structured to enhance shareholder wealth while managing risk to acceptable levels. In traditional risk management programs, the primary concerns are interest rate risk and liquidity risk since they have considerable effect on organization's financial situation. When considering the characteristics for the modern bank one should focus at the following aspects; interest rate, liquidity, credit, adequacy of capital, and risk associated with quality of management team, as well as sensitiveness to the changes in market risk. Fundamental principles of managing performance in financial institutions aimed to increase efficiency when searching for an investment opportunity or potential threats are established.

Evaluating a bank is necessary for preserving the financial systems in a country. The techniques in evaluating financial performance offer the best ways through which the banks can locate their examine points for achieving the greatest level of profit while at the same time, considering the variety of risks available in challenging service industry such as the provision of banking services today. If the banks are able to balance sources of fund and uses of fund properly or accurately, there is the likelihood of a probable increase in profitability.

Myanmar's banking sector has adopted a number of progressive reforms in 2011 with regulatory changes, foreign direct investment, and economic reforms contributing to the development of the financial industry. However, the progress made during this decade of reform is now at significant risk of stagnation or reversal because of COVID-19 pandemic’s effects, sanctions imposed by international communities, public's overall mistrust of the banking industry, political and economic uncertainty. In this

regard, the private banks are facing distinctive challenges and opportunities that demand suitable actions in financial performance management.

Many financial institutions set up a separate committee named ALCO (Asset and Liability Management Committee) to create a framework that pushes high returns but imposes defined risk appetite, regulatory requirements and internal controls in the process of banking operations. ALCO is accountable for appropriately identifying and monitoring risks, implementing risk controls through defined limits, and consistently monitoring these measures, and complying with the legal requirements.

This study makes use of the CAMELS (Capital Adequacy, Asset Quality, Management Efficiency, Earning Quality, Liquidity, and Sensitivity to Market Risk) factors based on prior research for evaluating financial performance and analyzing effect of this variables on financial performances of five selected private banks in Myanmar: CB Bank, Yoma Bank, uab Bank, Myanmar Citizen Bank (MCB) and First Private Bank (FPB).

1.1 Rationale of the Study

Myanmar’s banking and financial industry has shown significant progress of change in the last ten years due to changing policies to the liberalization of Myanmar’s economic structure, the inflow of foreign investments and changing the new regulations and rules. Evaluating the financial performance at private banks of Myanmar has become crucial for ensuring a healthy banking sector, as a result of the banking sector's increased focus on regulation since 2017 (World Bank, 2023).

In recent years, Myanmar's financial sector is faced various international pressures that pose significant risks on the banking industry’s stability. In October 2022, Myanmar was added to the highly hazardous list of Financial-Action-Task-Force owing to the numerous gaps in their countering ML/TF strategies. Afterward, JP Morgan decided to abandon USD clearing services in Q1 2023. The government of United States imposed sanctions on June 2023 on two banks that are legally obligated to handle foreign exchange transactions as a representative of Myanmar's country-owned enterprises: Myanmar Investment and Commercial Bank and Myanmar Foreign Trade Bank. Moreover, as of October 1, 2023, Singapore's United Overseas Bank (UOB) placed limitations on all incoming and outgoing payments, closing the nostro accounts opened by Myanmar banks at its overseas branches (World Bank, 2023).

According to the Central Bank of Myanmar website, Myanmar banking sector consists of 4 banks of state-owned, 3 subsidiaries of foreign banks, 17 branches of foreign banks and 27 number of local private banks in Myanmar. The state-owned banks own 29.93%, the private banks own 58.76%, and the foreign banks own 11.31 % of the total assets of banks (CBM, 2021-2022 FY, six-month report). As a result, private banks dominate the banking industry in Myanmar, and it is crucial for the nation to maintain growth and sustainability of private banks.

CAMELS variables are most commonly employed metrics by regulators for stability of bank's operations. Capital adequacy is important to ensure the banks have an adequate capital for potential loss. Asset quality is important to ensure the risk and qualified investment and bank loan. Management quality is important to evaluate bank management and operation efficiency. Earning quality is important to ensure profitability and stability of revenue streams. Liquidity is important to access a bank's capacity to fulfill short-term commitments. Sensitivity to market risk is important to look how sensitive the bank is to market changes including interest rate and market changes.

The financial performance of a bank is important because it reveals the state of the organization and its ability to perform its basic economic function. It reflects economic stability, affects investors' confidence and market perceptions, and is vital for compliance with legal requirements. Financial success results in improved credit ratings, reduced cost of funds and increased operational efficiency by which banks can sustain competitiveness. Financial performance also emphasizes proper control and risk mitigation and ensures long run of the bank, which has an influence on key stakeholders including shareholders, employees, customers, and the society.

Based on data availability, this study will focus on selected private banks; CB bank, Yoma bank, uab bank, MCB bank and FPB bank. In the view of the importance of financial performance for private banks, this study is aimed at evaluating financial performance of selected private banks and analyzing the effect of CAMELS variables on financial performance of five selected private banking sector in Myanmar.

1.2 Objectives of the Study

The main objectives of the study are as follows:

1. To evaluate the financial performance of selected private banks
2. To analyze the effect of CAMELS variables on financial performance of selected private banks

1.3 Scope and Method of the Study

The study focuses evaluating financial performance and analyzing the effect of CAMELS variables on financial performance of selected private banks of Myanmar. Based on data accessibility, this study was conducted on five selected private banks out of 27: CB Bank, Yoma Bank, uab Bank, Myanmar Citizen Bank (MCB) and First Private Bank (FPB). Using secondary data, the study primarily employed a quantitative research methodology. The data gather from previously audited financial reports covering the six fiscal years from 2017-2018 to 2022-2023. The descriptive statistics and pre-regression analysis were firstly used to examine the collected data. Then, correlation analysis and regression analysis were conducted to analyze the effect of CAMELS variables on financial performance in selected private banks. Moreover, the interview with members of Asset Liability Committee (ALCO) and supporting Treasury team members of selected five private banks will conduct to contribute the information that supports this study.

1.4 Organization of the Study

This study is divided into five chapters. Chapter (1) describes introduction which includes rationale, objectives, scope and method and organization of the study. Chapter (2) consists of review of literature which includes aspects of previous researches and background theories. Chapter (3) presents the profiles of selected private banks, the asset liability management practices and selected private banks' financial performance. Chapter (4) contains analysis and data interpretation for CAMELS variables' effect on financial performance of five selected private banks. Chapter (5) is conclusion presenting findings from analysis, recommendations and needs for the further researchers.

CHAPTER II
THEORETICAL BACKGROUND

A theoretical background is a critical component of a study by assisting in identifying existing knowledge gaps, establishing theoretical frameworks, guiding the selection of appropriate research methodologies and analytical approaches. Section 2.1 deals with asset liability management concepts. Section 2.2 present the financial performance. Section 2.3 presents about CAMELS variables. Section 2.4 discusses related theories. Section 2.5 presents previous studies and section 2.6 describes conceptual framework of the study.

2.1 Asset Liability Management (ALM) Concepts

The concept of ALM started in the banking industry as a response to the need in order to handle risks effectively. Banks are financial firms that offer loans and take deposits from individuals as well as businesses. ALM is a vital term in banking & finance industry that involves effective management of a company's balance sheet to optimize financial performance and minimize risk (Quang & Gan, 2019).

Banks are exposed a number of various risks in the course of their operations, such as credit, market and liquidity risks. The danger that a counterparty or bank borrower won't meet their commitments is referred to as credit risk according to the conditions that were agreed upon (Quang & Gan, 2019). The bank's incapacity to finance the growth in assets and fulfill commitments at a fair cost is referred to as liquidity risk (Quang & Gan, 2019). According to Quang and Gan (2019), market risk means possibility of fluctuations in market risk variables like interest rate, currency rate, or price of stock can result in a bank's portfolio's value declining, whether it is an investment or trading portfolio.

As the banking industry evolved and became more complex, banks realized the need to actively manage these risks. To mitigate these risks and ensure financial stability, banks started implementing asset liability management practices which involves strategically handling a bank's asset like as loans, investments, and securities and liability like deposits, borrowings, and other forms of debt to achieve a balance between profitability and risk.

Bankers used to pay in accordance with the 3-6-3 formula, and interest rates did not fluctuate much between 1929 and the mid-1960s. The interest rates historically from 1980 to1982 cased the crisis in Savings and Loans (S&L) sector. The first regulatory lesson from S&L crisis was a necessity for strong, qualified and effective independent supervisory body that is well-funded and not dependent. The second lesson focused on the necessity of indicators to monitor risks stemming from asset-liability mismatches, leading to the development of ALM.

The main goal of ALM analysis is offering an early alert about potential financial issues because of the impact of fluctuating interest rate on the current balance sheet and performance of income. During this period, banks were heavily reliant on interest income of fixed-rate long-term loans but faced the risk of rising interest rates (Widyarini & Marsoem, 2021). To address this risk, banks started using derivatives and interest rate swap for handling the interest rate changes exposure (Quang & Gan, 2019).

With advent of financial innovations and advancements in technology, the complexity and interconnectedness of financial markets increased. This led to a greater need for banks to effectively manage their balance sheet to keep the sustainability and profitability. In the light of recent financial crisis globally, the importance of effective bank risk management has been emphasized. Banks are now required to have a thorough awareness of their risks and implement effective management practices to control risks.

By skillfully managing the balance sheet of a bank, it can enhance stability, profitability, and resilience in dynamic market environments. ALM facilitates proactive decision-making, guaranteeing the banks' ability to meet their commitments, capitalize on opportunities, and achieve their long-term objectives while safeguarding against adverse events. In essence, ALM enables the banks to navigate complexities, adapt to changing conditions, and sustain growth in a competitive financial landscape.

2.2 Financial Performance

The stability and general health of financial system are greatly influenced by the performance of private banks in the rapidly changing global economy of today. According to Anjili (2104), a company's financial performance is determined by how well it can generate money from its core business type and use its assets. Anjili further emphasizes that this concept extends to assessing a company's overall financial well-

being within a specified timeframe and enables comparisons between similar firms within the same sector or across different industries.

Numerous external and internal factors influence the profitability of a bank. According to Owoputi et al. (2014), internal factors are micro-level or bank-specific variables that are the result of business operations conducted by banks and are influenced by management at the bank level. The amount of capital the bank has on hand, its liquidity position, the caliber of its assets, its cost control procedures, and its risk management systems and practices are all internal variables that impact the bank's yield. However, external variables are products of the social, economic, and legal environments that have an impact on performance and operation of banking industry; they are not directly related to bank management operations (Owoputi et al, 2014).

The banks' financial performance is measured by the financial literature using return on equity (ROE), return on asset (ROA) and net interest margin (NIM). But as it accounts for both controllable factors like the status of the economy and governmental regulations and management policy decisions, ROA is the mostly often utilized statistic to assess success in financially (Olalekan & Adeyinka, 2013). The greater ROA ratio indicating the company is using its assets more effectively to produce net income. A greater return on assets (ROA) indicates that the business is using its assets more efficiently to produce net income because there will be a larger rate of return, a higher ROA indicates that the business is doing more effectively. This will make the business even more appealing to potential investors. Because the firm may offer significant return to investors, its increased attractiveness makes it more and more sought after by investors (Chew & Hui Yen, 2019).

2.3 CAMELS Variables

Federal banking regulators assessed the US banking industry's financial performance in the 1970s and established the CAMELS system in order to provide a sufficient overview of all bank activities (Rose & Hudgins, 2013). A popular approach used by many scholars to assess the banks' financial performance is the one utilized by the Bank for International Settlements. The CAMELS framework is among the financial soundness indicators that the Basele Committee has suggested. These metrics can be applied as standards to evaluate a financial institution's performance. At the moment, the financial institutions are being monitored both on and off site using this

rating system. Market risk (S), the sixth component, was added to the CAMEL system in 1997, and it later became the CAMELS system.

Ratio analysis was a component of the conventional method used to evaluate the financial institutions' soundness (Eljelly & Elobeed, 2013). Despite this, businesses frequently use the CAMEL model as an innovative approach because of its capacity to address financial stability and safety (Kumar & Sayani, 2015). The CAMELS model has become an essential tool in measuring the performance and stability of banks (Pradhan & Shrestha, 2017).

Several studies have been conducted to investigate the relationship of CAMELS variables and the bank's financial performance. The CAMELS framework is most popular model for assessing the performance of banks, and it is advised by the IMF and the Basele on Bank Supervising, despite the suggestion of several other models (Baral, 2005).

2.3.1 Capital Adequacy

The term "capital adequacy" describes how much capital a bank has on hand to handle its risks and meet regulatory requirements. It serves as a warning concerning the bank's capacity to withstand possible operational losses and uphold financial stability. The indicator of a bank's financial strength is capital adequacy. For sufficient measurement of capital, it consists of Tier I and Tier II categories. The two types of capital are main (Tier I) and supplemental (Tier II). The capital adequacy ratio can be calculated by dividing capital by risk-weighted assets. According to Basel III standards, Central Bank of Myanmar has mandated that all banks have Tier 1 capital adequacy minimum ratio of 4% and regulatory capital adequacy minimum ratio of 8%. A higher ratio indicates higher capital adequacy.

While there is a consensus that mandatory capital requirement is essential to mitigate hazards and discussion revolves around determining the adequate amount of capital. Regulators advocate for higher minimum requirements to decrease the likelihood of bank failures, whereas bankers contend that securing additional equity is costly and challenging, and that higher requirements limit their competitive edge (Koch & MacDonald, 1995). Santos (2000) claimed that increased capital adequacy standards restrict bank growth and, as a result, the banking industry's ability to extend credit and grow credit. However, findings of Umoru & Osemwegie (2016), Irawati et al. (2019)

and NyarkoBaasi (2018) where they show that capital adequacy improved the financial performance.

2.3.2 Asset Quality

Banks rely heavily on their assets since they generate revenue and function as a gauge of the stability and general health of the bank. Asset quality refers the condition and the structure of bank's assets, including loans, investments, and other financial instruments (Budhathoki & Kumar, 2020). An asset is a representation the banks' asset, loans, investments, real estate, fixed, current and any off-balance sheet activities. It is possible to evaluate an asset's performance with this statistic. One criterion used to assess the success of bankers' credit choices is the proportion of non-performing loans quantity to total loans.

2.3.3 Management Efficiency

In order for the banking operations to proper running, the senior management and board of directors are main players. This metric is used to assess the management's efficiency in terms of how well they adjust to shifting market conditions, how well the compensation policies and job descriptions are written, and so on. Efficiency in management refers to the aptitude of management to detect, quantify, and control the risk associated with financial activities as well as provide a safe, effective, and upright flow of operations. Baral (2005) employed various metrics to assess management efficiency and found a positive correlation between efficient management and financial performance, indicating that effective management of financial activities enhances the banks' profitability.

2.3.4 Earning Quality

A bank's earnings originate from all of its operations as well as unusual and non-traditional sources of income. This measure assesses the bank's performance concerning the ability to provide dividends and the volume of capital required to meet all the potential negative results. The quality of earning is essential in determining the performance and sustainability for a bank. It influences investor confidence, risk assessment, valuation, capital management, and regulatory compliance. Banks with high earnings quality are better positioned to attract investors, manage risks effectively, and achieve long-term profitability and growth.

2.3.5 Liquidity

Liquidity is the bank's capacity to turn assets into cash. Liquidity is measured by the ratio of cash held by banks and their balance with the central bank to total assets. Quang and Gan (2019) distinguished between two categories of liquidity risks: funding liquidity and market liquidity risk. Funding liquidity risk refers to the possibility that the bank won't be capable of effectively meet its collateral and current and future needs for cash flow without negatively impacting its day-to-day operations and financial standing. The danger of inadequate market depth or market disruption making it difficult for the bank to promptly offset or cancel a position at the market price is known as market liquidity risk. For banks, liquidity is particularly crucial since a bank run might result from a shortage of liquid capital. Therefore, regulatory authorities impose minimum liquidity and reserve requirements to serve as buffers. The Central Bank of Myanmar has set a minimum liquidity ratio of 20% and established a minimum reserve of 3.5% of total deposits. By taking these precautions, banks are guaranteed to have enough reserves and liquidity to withstand unanticipated events and preserve the integrity of the financial system.

2.3.6 Sensitivity to Market Risk

The new factor, Sensitivity to Market Risk, looks especially at how vulnerable it is to unfavorable changes in fixed assets, foreign exchange rate, interest rate and price of commodity. Net interest income, profitability, value of the entities that are both on and off the balance sheet and cash flows are just a few of the financial performance metrics that can be greatly impacted by changing in interest rates. A bank's balance sheet's exposure to meet interest rate risk is contingent upon various factors, including the maturity factors, size, and composition of its asset and liability structure. Effective interest rate risk management aims to sustain earnings, enhance the bank's capacity to reduce potential losses and ensure adequate compensation for the risks undertaken.

2.4 Related Theories

This section explores the related theories that provide a framework for evaluating financial performance and analyzing effect of CAMELS variables on financial performance. The study is anchored in existing knowledge with reference of these theories and it provides a rich context for the study. Asset allocation theory, Liability management theory, Fund management approach, and Pecking order theory

explained the fundamental theoretical background in measuring financial performance of private banks.

2.4.1 Asset Allocation Theory

Under the traditional approach, the asset allocation theory concern how bank acquire the appropriate composition of bank assets which would best achieve the desired balance between the liquidity, profitability, and solvency needs of the bank. The public determined deposits and other funding sources were available and assets rather than deposits and other borrowings were the main decision-making areas for management. The only thing the bank has control over is how incoming money are allocated, determining who gets the limited number of loans that are available and the conditions of those loans.

In the context of evaluating financial performance in banks, the asset allocation theory assists in identifying the appropriate proportions of assets that should be possessed over time to get the bank's financial objectives and at the same time controlling risks. Banks continue to develop structures of balance assets such as loan, securities and cash investment in order to realize a particular rate of return, while at the same time maintaining liquidity and controlling possible fluctuation in interest rate.

2.4.2 Liability Management Theory (LMT)

During the 1960s, a new theory of commercial bank liquidity emerged which is now known as the "liability management theory." According to this concept, Banks don't need to follow customary guidelines when it comes to self-liquidating debts or liquid assets because additional funds could usually be obtained, by either purchasing or borrowing them in the money market, whenever the bank faces a liquidity need. This theory emphasizes that banker is not limited to the asset portion of the balance sheet in meeting of his liquidity needs; there also is a certain amount of flexibility available in managing the liability side of the ledger. The new flexibility derives from the intentional altering of the amount and kind of liabilities which a bank will hold.

Liability management theory relate to managing the liabilities or sources of funds including deposits and borrowings to fund the obligations of a bank. This theory suggests that banks can control their liabilities with the aim of ensuring that their maturities and their rate sensitivity are harmonized with the maturities of their assets to

avoid interest rate gaps. Some of the practices considered under liability management theory include the use of various types of debts, managing for the maturity of liabilities, and use of derivatives for mitigation the interest rate risk.

2.4.3 Fund Management Approach

The evolution of liability management theory, along with increased interest rate volatility and higher risks, eventually led to the development of the fund management approach that is prevalent today. The theory makes sure that asset management and liability management are internally consistent and do not conflict with one another. Optimizing the distribution of income and expenses and minimizing risk exposure are achieved via efficient fund management coordination.

Fund management involves a variety of approaches and techniques for to enhancing on the bank's balance sheet. It involves working capital management, credit risk management, and maturity transformation. The objective is to know if the bank liquidity is sufficient to satisfy its needs, manage the level of risk and attain the targeted return on equity. Duration matching, gap analysis as well as the utilization of derivatives form the core of the fund management strategy.

2.4.4 Pecking Order Theory

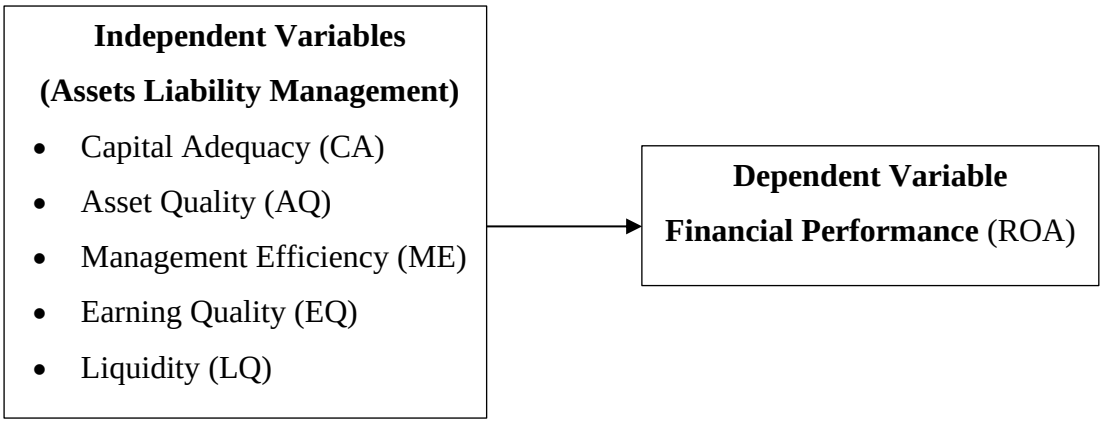
Stewart Myers and Nicolas Majluf popularized the pecking order hypothesis in 1984. According to the idea, managers comply with a hierarchical structure when evaluating sources of funding and indicates that businesses would rather have internal funding than external finance and prioritize financing sources based on the hierarchy of costs and availability. This theory informs banks' decisions regarding capital structure and funding sources, impacting their balance sheet management strategies.

In the context of banks' financial performance management, the pecking order theory means that in regard to funding, banks would prefer to use retained earnings and internal reserves rather than opting for issuing debt or equity. This preference is because external financing is extremely costly, and controlling the capital structure of the bank is imperative. When internal funds are inadequate, banks may go for borrowing depending on the cost and availability of various sources of funds. This theory assists in understanding banks' actions in terms of capital and funding, revealing the significance of internal funding to establish stability in financial forms and keep costs down.

2.5 Previous Studies

According to Kaluarachchi Nithumal Dias (2021), the primary aim of the study is to assess how Sri Lanka's domestic commercial banks' financial performance is impacted by asset liability management. A quantitative research approach with secondary data between 2012 and 2019 was utilized. The study used STATA statistical software and the analysis part compromises mean, standard deviation, minimum and maximum values in descriptive statistics, correlation analysis and panel data analysis methods were used for addressing the research aim. Return on asset (ROA) was the dependent variable in the study, whereas CAMEL was the independent variables.

Figure (2.1) Conceptual Framework of Impact of Asset and Liability Management on Financial Performances: Case of Sri Lankan Domestic Banks

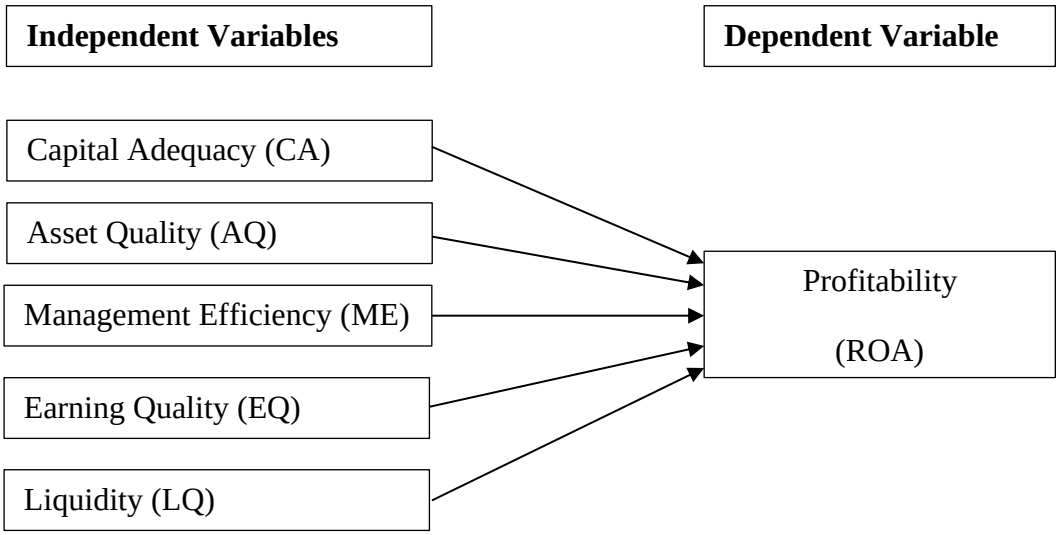


Source: Dias (2021)

The study found that asset liability management affects significantly the domestic banks' financial performance in Sri Lanka. Conversely, it was determined that asset quality, capital adequacy and management effectiveness negatively correlate with financial performance, whereas earnings diversification and liquidity are positively associated with financial performance.

According to Magoma, Mbwambo, Sallwa, and Mwasha (2022), the study examined the financial results of seven commercial banks that were listed and traded on the Dares Salaam Stock Exchange (DSE) over a five-year period, from 2016 to 2020. The study made use of secondary data gathered from audited financial statements and annual reports (2016-2020). Pre regression, correlation analysis and the linear regression were used in the study.

Figure (2.2) Conceptual Framework of Financial Performance of Listed Commercial Banks in Tanzania: A CAMEL Model Approach

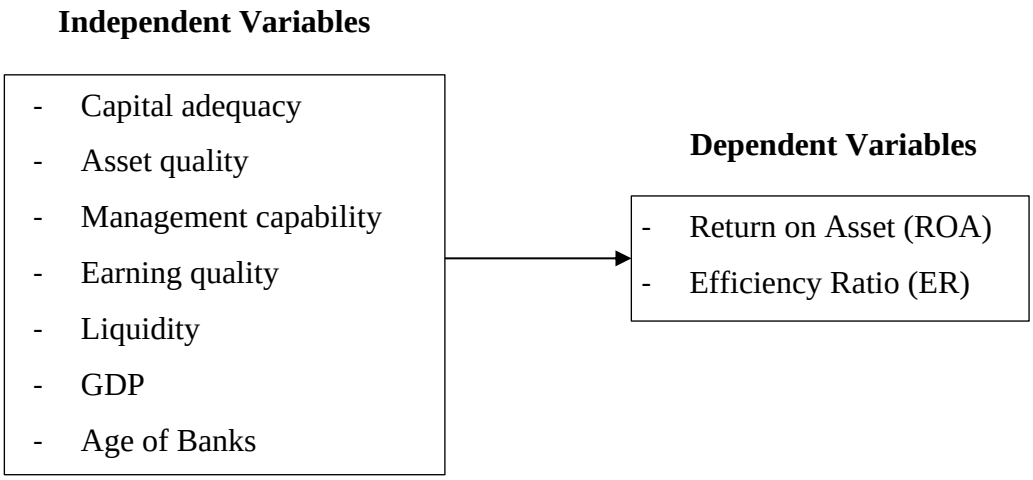


Source: Magoma, Mbwambo, Sallwa, and Mwasha (2022)

Return on asset (ROA) was the dependent variable in the study, whereas CAMEL factors were the independent variable. The study discovered that two important variables influencing the success of Tanzania's listed commercial banks are capital sufficiency and management effectiveness.

The primary goal, according to Bekana Dembel (2020), is to examine the variables influencing Ethiopia's commercial banks' productivity and performance. Explanatory research design and a quantitative research technique were employed in the study. The audited financial accounts of a few chosen commercial banks served as the secondary source of data between 2010 and 2018. Regression analysis, correlation analysis, and descriptive statistics were employed in the study. In this study, the independent factors were CAMEL, GDP, and bank age, while the dependent variables were return on asset and efficiency ratio.

Figure (2.3) Conceptual Framework of Factors Affecting the Performance of Commercial Banks (A Case Study on Commercial Banks in Ethiopia): CAMEL Rating



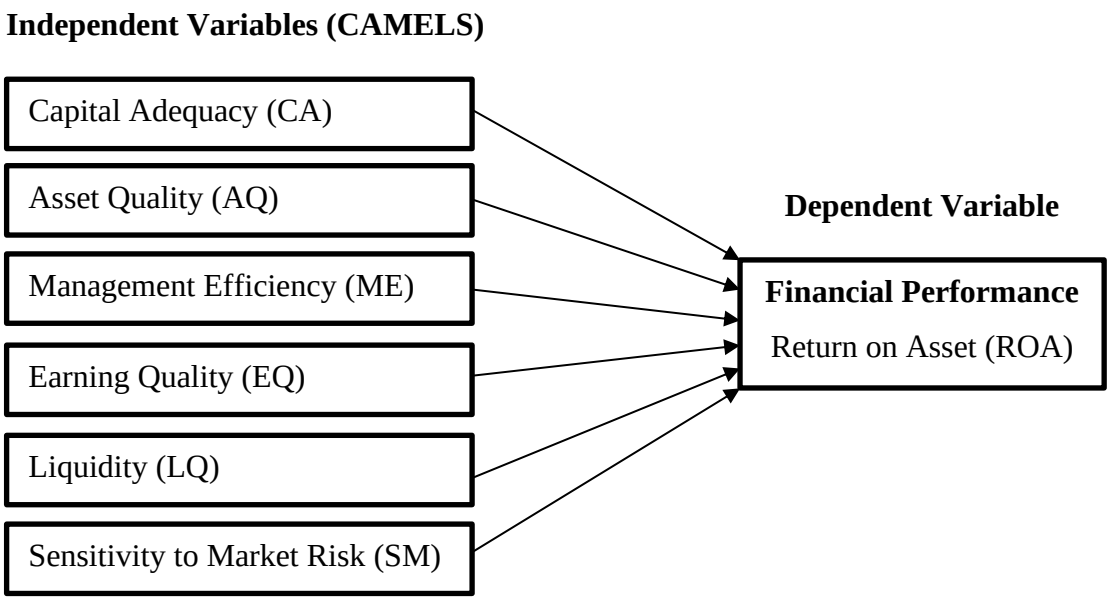
Source: Dembel B. (2020)

The findings indicated that management capability, assets quality, and earnings has a major impact on ROA, bank performance. ROA was not affected by GDP, bank age, or capital sufficiency. Performance is positively impacted by earning quality and managing capacity of the banks in Eithiopia.

2.6 Conceptual Framework of the Study

This study uses the updated CAMELS model, which comprises six factors including capital adequacy, asset quality, managerial efficiency, earning quality, liquidity, and sensitivity to market risk to examine the effect of CAMELS variables on the financial performance of private banks in Myanmar. Although the introduction of certain alternative bank performance models, the CAMELS model was the most commonly used and was recommended by Basel Committee and International Monetary Fund (IMF). The financial regulator, CBM also leading used CAMELS framework in offsite risk-based bank supervision.

Figure (2.4) Conceptual Framework of the Study



Source: Own compilation (2024)

In this study, the dependent variable was ROA, while the independent variables were the updated CAMELS framework to measure the financial performance of selected private banks in Myanmar. The conceptual framework of the study used is shown in the Figure (2.4).

Working Definitions

Capital Adequacy (CA): Capital adequacy is a key financial metric of the bank's stability and resilience of a bank. Capital adequacy (CA) was calculated using the ratio of regulatory capital to risk-weighted assets.

Asset Quality (AQ): The condition of a bank's assets, especially its loan portfolio, is assessed by asset quality. Asset quality (AQ) was calculated using the ratio of non-performing loans (NPLs) to total gross loans.

Management Efficiency (ME): Management quality assesses the capability of a bank's management team. Management efficiency (ME) was calculated using the ratio of non-interest expenses to gross income.

Earnings Quality (EQ): Earnings measure a bank's profitability and ability to provide sustainable income. Earning quality (EQ) was calculated using the ratio of net profit after tax to total equity.

Liquidity (LQ): Liquidity evaluates a bank's capacity to pay its obligations that are immediate responsibility and financial demands. Liquidity (LQ) was calculated using the ratio of net liquid asset to volatile liability.

Sensitivity to Market Risk (SM): Sensitivity to market risk evaluates a bank's vulnerability to changes in the market. Sensitivity to Market Risk (SM) was calculated using the ratio of total securities to total assets.

ROA (Return on Asset): Return on asset measures the financial performance of the banks and it was calculated using the ratio of net profit after tax to total assets.

CHAPTER III
PROFILES, ASSET LIABILITY MANAGEMENT PRACTICES AND FINANCIAL PERFORMANCE OF SELECTED PRIVATE BANKS

Section 3.1 of this chapter covers a profile of five private banks. Section 3.2 shows the asset liability management practices of selected private banks and section 3.3 presents financial performance of selected private banks.

3.1 Profile of Selected Private Banks

Currently, there are now 27 domestic private banks that are operating in Myanmar which possess the dominant share 58.76% of the Myanmar banking industry. Among the 27 domestic private banks, this study selected five private banks based on the data availability. The name of selected five private banks are CB bank, Yoma bank, uab bank, Myanmar Citizen bank (MCB) and First Private bank (FPB) respectively. According to the Central Bank of Myanmar website, MCB and FPB received the license for banking operation firstly in May, 1992. Second banking license was granted to CB bank, also called Co-operative bank, in August 1992 and Yoma bank received the banking license in July, 1993. As a generation of 2010, UAB bank was given the banking license on July, 2010. This section provides these five selected private banks' profiles.

3.1.1 Profile of CB Bank

CB bank, among the biggest and most respected Myanmar private bank was founded on 21st August, 1992, under license from the Central Bank of Myanmar. CB bank has an impressive track record of over 30 years delivering banking solutions in Myanmar. Over the years, CB bank employs over 9,000 people from 33 workers. With the approval of DICA (Directorate of Investment and Company Administration) and Central Bank of Myanmar, the name of the bank change from Co-operative bank to CB bank PCL on January 21, 2021. CB bank PCL have 245 branches, 801 automated teller machine (ATM) service and 3,476 agents nationwide with 6.3 trillion kyats of customer deposit.

CB bank's services are numerous and all have their relevance in the business environment. These services fall into four categories: corporate banking, small & medium enterprise, consumer and prestige banking. The corporate products and services from CB bank are as follows: corporate loans, syndicated loans, corporate finance, project financing services & international trade payment services, cashier services, treasury, mobile banking, internet banking & payroll services. CB bank's clients, especially the SMEs, are able to take loans from this bank with or without offering security for the loan. For the growth of Myanmar SMEs, the CB bank has tied up several international lending partners and financial institutions such as JICA, the Germany's KfW bank and Myanmar Insurance.

CB bank uses digital technologies to improve customer service and offer benefits to its consumer clients that exceed traditional banking. Clients of CB bank can access to worldwide credit and debit cards (Visa, Master, JCB), bank accounts, mobile and online banking and other specialized financial solutions that fit their needs and lifestyles. Customers with high net worth and prestige have quite different financial service needs and lifestyles. CB bank offers highly flexible services and products which are tailored to gain their specific requirements. In accordance with the needs of its clients' businesses and personal lives, CB bank provides exclusive financial services, such as tools and concierge services. With 24-hour hotline services, CB bank offers devoted relationship managers who are easily reachable for all banking needs. CB bank offers a distinctive banking experience designed for individualized financial services that go beyond banking, along with a number of benefits and more affordable rates.

3.1.2 Profile of Yoma Bank

Yoma bank is among the largest Myanmar private bank founded on May, 1993 under the license from the Central Bank of Myanmar. Yoma Bank also have an impressive long history record of over 30 years delivering banking solutions in Myanmar. Yoma bank have 84 branches, over 3,800 employees nationwide with 3.5 trillion kyats of customer deposit. Yoma bank is under prominent public company, First Myanmar Investment (FMI) group listed on the Yangon Stock Exchange in March 2016. In May 2019, International Finance Corporation (IFC), Yoma bank's stakeholder, converted investment loans in 2014 into shares, making it the initial local bank to partner with financial group from abroad in Myanmar. First quarter in 2020, a unit of

GIC, and Norfund bought shares from Yoma bank, with overall transaction value of around Myanmar Kyats one hundred and thirty billion.

In 2015, Yoma bank formed into joint venture with Yoma Strategic and Telenor group to set up Wave Money which is prominent mobile money transfer service in Myanmar. Yoma bank offers banking services into two categories: services for both business and personal banking. Personal banking services include bank accounts, debit card and credit card (MPU-Master), hire purchased loan, loan for construction, standard housing loan, loan given on equitable mortgage and money transfer services. Business banking service provides bank accounts including foreign currency account, hire purchase, business loan, overdraft, agricultural loan, transactor loan without collateral, treasury, trade finance and payment services.

3.1.3 Profile of uab Bank

uab bank is included in top Myanmar banks originally started in early 2010 with 14 years delivering banking services in Myanmar. With 2.2 trillion kyats in customer deposits, uab bank serves clients through an expanding network of over 84 branches in 55 townships, over 1,900 staff, and throughout Myanmar. Numerous financial services are offered by uab bank, such as trade financing, corporate & business banking, consumer banking, premier banking, and a variety of treasury products.

uab bank services fall into two categories; retail & SME banking service and corporate banking service. Retail banking products and services include deposits, debit card (MPU-Union Pay), credit card (Visa), secured and unsecured loans, insurance, wealth investments and various cashless payments like cards and wallets. uab bank also provide SME banking customers with solutions of trade financing to assist them in managing their import and export business and to support their growth ambitions.

Corporate banking provides a variety of products, services and solutions assigned with relationship managers. Facilities offered include working capital financing, commercial loans, treasury management, cash management and international trade finance. In addition, With the goal of giving uabpay customers the best possible experience, the uabpay digital gold platform is the first of its kind in Myanmar's online gold investment market. The customers may simply purchase or sell gold via uabpay in a safe, practical, and transparent manner. uab bank opened the special counters at the

specific branches to facilitate the payment of gold trading business and provide special service.

3.1.4 Profile of Myanmar Citizen Bank

Myanmar Citizen Bank (MCB) is the first listed Myanmar private bank and listed on 26th August, 2016. MCB bank was granted the banking license on 25th May 1992 by Myanmar's Central Bank. The bank started the business on 2nd June, 1992. MCB was among the first private banks to be established in Myanmar after the government allowed private sector participation in the banking industry. It has an impressive long history record of over 30 years delivering banking solutions in Myanmar. According to 2023 annual report, general public own 11.86%, government own 10.4% and entrepreneurs own 77.74% out of total shares. MCB bank has MMK 524.8 billion of customer deposit and MMK 368.6 billion of total loan.

MCB bank have 53 branches in 26 townships and over 1,000 employees nationwide. MCB banking service provides two main categories; personal banking service and business banking service. Personal banking service includes bank account, consumer loan, card service (MPU-JCB debit card) and remittance. Business banking service offer JICA SME two step loan, corporate loan and international banking services. MCB bank has introduced new digital products and services like Citizen Pay application which help the customer and bring the efficiency in the operation.

3.1.5 Profile of First Private Bank

First Private Bank (FPB) started its operation in Myanmar on September 1991 and it is the first private sector financial organization in Myanmar. After getting a listing on Yangon stock exchange (YSX) in January 2017, it gradually developed into efficient and viable financially for the businesses. FPB has MMK 127 billion of customer deposit and MMK 96 billion of total loan.

First Private Bank has been serving Myanmar people efficiently with total 38 branches in 13 of 14 States and Region of Myanmar. Another factor is that through this strategic location, the FPB bank makes financial services available to many clients including the SMEs and the retail customers in Myanmar.

An aspect of FPB bank strategy is that the organization targets SME business customers and retail consumers. Continuously building up the services, the bank plan

to include the corporate customers which will play a highly important role in the Myanmar's private sector economy.

Thus, First Private bank is still transforming at the moment in its commitment to being the market leader in the financial industries. Focusing on the digitalization and product innovations the FPB bank plans and is launching a series of new and upgraded products and services introducing the bank as a leading actor within Myanmar's private banking sector transformation process.

3.2 Asset Liability Management Practices of Selected Private Banks

Asset liability management (ALM) is an essential part of the banking industry, as it helps financial institutions mitigate the risks associated with changes in interest rates, liquidity, foreign exchange, credit, and capital adequacy. The Asset and Liability Committee is a separate committee that banks form in order to establish a framework that prioritizes high returns while imposing regulatory constraints, internal controls, and a defined risk appetite.

In a bank, the treasury department is essential to the Asset Liability Committee (ALCO). To ensure the bank's financial stability and profitability, the treasury department makes sure ALCO has the information and facilities needed to decide the most effective way to manage the bank's assets and liabilities. This section presents how five selected private banks manage their asset liability practices in distinct ways from interviewing of following ALCO members and supporting Treasury team members from head office of five selected private banks.

(1) ALCO member of CB Bank PCL
(2) Executive Manager of the ALCO supporting Treasury Team of Yoma Bank
(3) Senior Manager of the ALCO supporting Treasury Team of uab Bank
(4) ALCO member of Myanmar Citizen Bank
(5) Senior Manager of the ALCO supporting Treasury Team of First Private Bank

3.2.1 Asset Liability Management Practice of CB Bank

Asset Liability Management Committee (ALCO) of CB bank is an important supervisory group after risk management. In order for the bank to generate sufficient and sustainable profits while taking manageable risks, ALCO is in charge of managing the rules controlling the balance sheet structure. The committee was formed with eight members with Management team. ALCO meeting is held every Monday on weekly

basis to oversee financial risks related with liquidity, interest rate, foreign exchange, credit and adequate capital.

Interest rate risk management- CB bank developed strategies to hedge the interest rate risks and keenly evaluates the interest rate environment. The bank manages the variations in interest rates affecting the bank adjustment of its interest income to the changes in prices.

Liquidity risk management- CB bank specifies adequate amount of high-quality liquid assets as well as a strong funding source to counter liquidity risk. The Management regularly check the liquidity position on daily basic and mainly relies for the term that are short obligations on government investment securities and bank to bank money market.

Foreign exchange risk management- CB bank takes various ways to manage the foreign exchange risks these are including in its treasury operation like FX spot, forward and swap. These instruments assist the bank to hedge price risk fluctuation in other currencies in a way that ensures that the impact does not affect the stability of the bank in aspect of its foreign currency positions.

Credit risk management- CB bank uses effective credit risk management policy whereby it under takes credit checks and follow up of loans. Its lending practices are managed through risk-based pricing to reduce as much as possible the number of potentials lost in case of defaults.

Capital adequacy management- CB bank maintain the capital amount in compliance with regulatory capital measures and also frequently calculates the CAR to make sure that the bank still has enough capital in its balance sheets to provide for probable losses as it also carries out its operations as well as expansion.

3.2.2 Asset Liability Management Practice of Yoma Bank

The ALCO has been given operational responsibility by the Yoma Bank Board of Directors to oversee ALM and manage market risks. The committee formed with ten members divided into voting members and permanent members. Voting members include chairman and board of directors. Permanent members include chief level officers. In accordance with ALM policy, the Yoma bank's ALCO meeting is held monthly basis to determine, quantify, and control the major risks associated with following risks while staying inside the risk tolerance of bank.

Interest rate risk management- It comes from unmatching in the repricing time of the bank's assets and liabilities as well as from the structure of the bank's assets and liabilities. The bank conduct gap analysis wherein the banks analyze the difference of the amounts of assets and liabilities that reprices or matures in different period. Using this calculation, rate sensitive asset and rate sensitive liability are subtracted from each other to predict the effects of interest rates changes for the various time horizons.

Foreign exchange risk management- When profits and the economic worth of foreign currency assets and liabilities are in interaction with the impacts of fluctuations in current foreign exchangeable rates, risk related with foreign currency results. The foreign exchange exposures of Yoma bank include both trading and non-trading. The main source of non-trading foreign currency exposures is the global banking industry. The ALCO of Yoma bank routinely monitors risk restrictions and policies like currency exposure that is used to control foreign exchange risk.

Credit risk management - Credit committee mainly control the credit risk and report to BOD with a monthly schedule. Loans are typically granted at margins ranging from 50% to 70% of the independently evaluated forced selling value. Customers of the bank receive guarantees from the bank, which may require the bank to handle payments for them. The bank also pledges to increase loan limits in order to satisfy clients' requirements for liquidity. The guarantees require the bank, subject to specific requirements, to reimburse clients. These pledges expose the bank to risks that are similar to those associated with loans, which are overseen by the same control process and set of regulations.

Liquidity risk management - A major part of the Yoma bank's liquidity management strategy is the carefully managed mismatching of asset and liability maturities. The ALCO and CBM laws mandate the bank keeps sufficient liquid able assets in order for managing the liquidity in the short time as a part of framework for managing risk related with liquidity. The bank has cash reserves, invests in government securities, and makes interbank placements to meet its short-term liquidity needs. This helps to guarantee that there are enough cash inflows to cover consumer withdrawals at maturity.

Capital adequacy management- The Yoma bank's Finance department oversees the daily administration of capital money, which is held in the Treasury department. The goal is to achieve the right amount of capital which should just be sufficient to support the development of business while taking the bank’s willingness to take on risk and the necessity to conform to the regulator’s guidelines. Yoma Bank always maintains its

capital adequacy against the regulatory CAR requirement by fulfilling the notice by the CBM 16/2017 dated July 7, 2017.

3.2.3 Asset Liability Management Practice of uab Bank

uab bank formed Asset Liability Committee (ALCO) under engagement of Management Committee. The committee was formed with five members including Chief Officers. The purpose of monthly ALCO meeting is to monitor financial risks, particularly liquidity risk. Weekly liquidity meetings are also held in addition to any meetings that the executive management may convene as needed. uab bank's risk management framework designed to recognize, quantify, track, and control a variety of risks as follows.

Interest rate risk management- uab bank actively manages the risk related with interest rate inherent in its banking activities. The bank measures the interest rate movement using gap analysis and other techniques to measure the impact of interest rate changes on its financial position and earnings. This helps in aligning the re-pricing of assets and liabilities to minimize the risk.

Liquidity risk management- Under the direction of the Management and Assets-Liability Committee (ALCO), the Treasury department is the principal repository for managing liquidity risk. The bank implements a Business Contingency Plan (BCP) in place that outlines operational procedures and stages for handling financial transactions in the event of a disaster. The plan also addresses contingencies that may arise from situations involving liquidity crises in addition to regular business operations.

Credit risk management- The Credit Committee maintains control over credit risk. and report monthly to the Board of Directors. Risk related with credit is controlled by assessment of the borrower's susceptibility to default on the interest and capital repayment processes; lending limits are also adjusted periodically if necessary.

Foreign exchange risk management- uab bank use comprehensive approach to foreign exchange risk management. Hedging strategy with forward and swaps contract protect against unfavorable currency movement. Spreading foreign currency assets and liabilities across different currencies reduce the dependency on single currency. Monitoring system to track exchange movement and analyzing the market trends was used to predict the potential risks and developing the appropriate response.

Capital adequacy management - Ensuring adequate capital levels is a crucial aspect of the bank's ALM practices. Bank monitors its ratio of adequacy of capital in line with

regulations and internal thresholds to support business growth and absorb potential losses.

3.2.4 Asset Liability Management Practice of Myanmar Citizen Bank

Asset and Liability Committee (ALCO) at Myanmar Citizen Bank (MCB) has a central task of monitoring the implementation of the ALM idea. The ALCO is also vested with the authority of supervising the risk metrics of the bank, and more to the point, observing appropriate risk boundaries and reporting risky situations to the board. The ALCO committee was formed with six members including chief officers and head of departments. The meeting is held on monthly basis and mainly discuss about internal performance, market update, bank system update and managing the liquidity risk and control the following risks.

Liquidity risk management- The ALM policy framework, which has been approved by the Board, guides the bank's management of liquidity risk. This framework consists of boundaries, restrictions, and policies. These controls and policies include the creation of a thorough contingency financing plan, the establishing of cash flow unmatching limitations, the monitoring of early liquidity alert signs, and the analysis of cash flow caused by stressful situations in scenarios involving liquidity crises.

Interest rate risk management- There is interest rate risk where changes in interest income and interest expenses affect the bank. MCB bank actively employs analysis in gapping as a tool for assessing sensitive positions related with interest in the said various time.

Credit risk management- The bank sets limitations on the risk amount that it is ready to take on for specific parties and concentrations, monitors exposures in respect to restrictions, and otherwise manages and controls credit risk. The bank revised its credit policy which gives directions and establishes lending criteria, credit risk identification, mitigation and monitoring activities.

Foreign exchange risk management-The bank uses hedging tools such as FX spot, forward and Swap deal to mitigate the exchange risk. The bank compliances the regulatory Net Open Position limit within maximum and minimum +/-20%. The bank monitor and analyze the market exchange rate regularly.

Capital adequacy management- The bank follows to capital adequacy requirements mandated by the Myanmar’s Central Bank. The bank conducts stress testing regularly to assess how unfavorable circumstances might affect its capital position. The bank

continuously monitors its capital levels and regularly reports to senior management and regulators.

3.2.5 Asset Liability Management Practice of First Private Bank

Asset Liability Committee (ALCO) of First Private Bank (FPB) implied asset liability management practices. The bank's ALCO committee was formed with six members including Chairman, CEO, Dy-CEO, CFO, CTO and CCO. The meeting is held on monthly basis to mitigate the following financial risks and to fulfill the capital requirements.

Credit risk management - Management of FPB has a credit policy, often retains all collateral against approved credit facilities, and has the authority to sell assets if specific exposure criteria are surpassed. Generally, the bank only takes lands and building as collaterals, additional forms of collateral include gold and machinery. The bank performs credit evaluation and set up a variety of guidelines and procedures to reduce credit risk. Typically, loans have margins ranging from thirty to seventy percentage of the required value determined by an assessor on own.

Interest rate risk management- Timing discrepancies in the asset and debt re-pricing are one of the main reasons for the interest rate mismatches. Since all financial instruments are valued using an amortized cost method, fluctuations in the market interest rate will not affect the income statement or other comprehensive income. The bank's charged interest rate is determined by ALCO with oversight by Board of Directors (BOD). These interest rates' maximum cap and minimum cap are set with a bank determined by the Myanmar's Central Bank.

Foreign exchange risk management- To lessen the result of currency changes, the bank diversifies its currency exposure. Providing employees with ongoing training is one of First Private Bank's risk management techniques. Transparency and accountability in foreign exchange risk management are ensured routinely updating senior management and the board of directors on foreign exchange risk.

Liquidity risk management- Senior management of FPB reviews liquidity position on a daily regular schedule. The bank controls the risk of liquidity by keeping daily cash flow position and forecasting future cash flow on a daily basis. The bank reserves a minimum of 3% of total amount of deposits in the form of reserve requirement at Central bank of Myanmar.

Capital adequacy management- The first strategic goal of the bank's capital management is to obtain diversified sources of capital and to develop adequate capital level to meet the business needs as well as the regulatory requirements corresponding to the specific risks of the bank. The bank creates plans and strategies for financing, including scenarios for financing needs, guidelines for making financing agreements, and frequent progress checks and updates to ALCO.

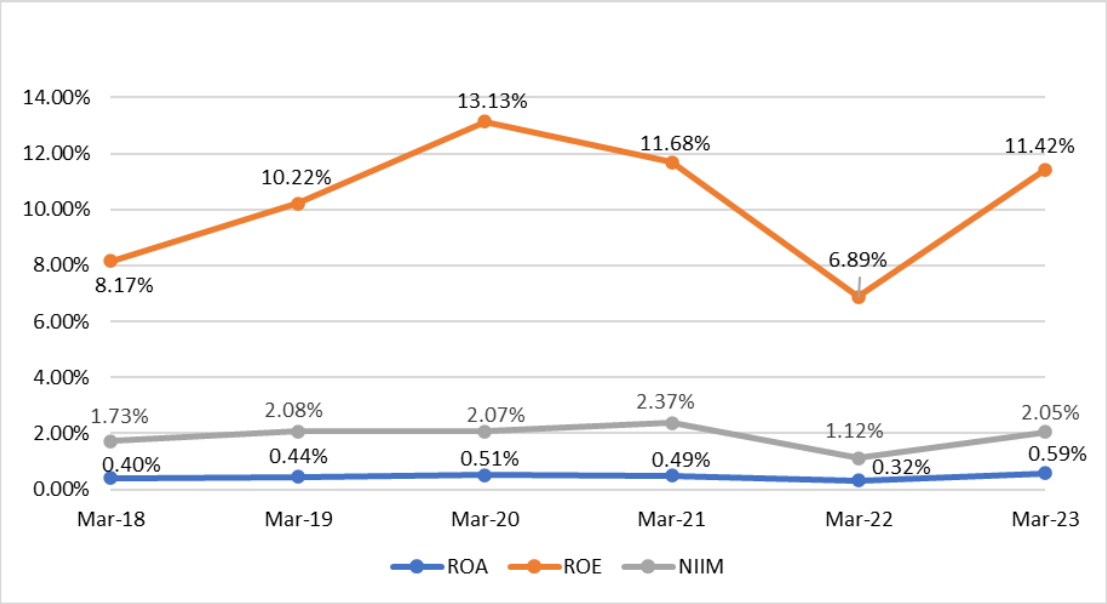
3.3 Financial Performance of Selected Private Banks

The financial performance of a bank can be viewed as one of the key essential elements of a bank's success and viability. The most widely used type of financial performance measurement is the ratios related with profit which as return on asset (ROA), return on equity (ROE) and net interest income margin (NIIM) indicates about the profits that a bank earns from its operations and by investing in the assets and equities respectively. In this section, both ROA, ROE were calculated based on the net profit after tax, also known as net income. Net income was divided by total assets to get ROA, and net income was divided by total equity to get ROE. NIIM was calculated in the way of net interest income divided by interest earning assets using the audited financial statements of selected private banks over the period from 2018 to 2023.

3.3.1 Financial Performance of CB Bank

The Figure (3.1) shows the financial performance of CB bank as Return on Asset (ROA), Return on Equity (ROE) and Net Interest Income Margin (NIIM) for the period from 2018 to 2023.

Figure (3.1) Financial Performance of CB Bank



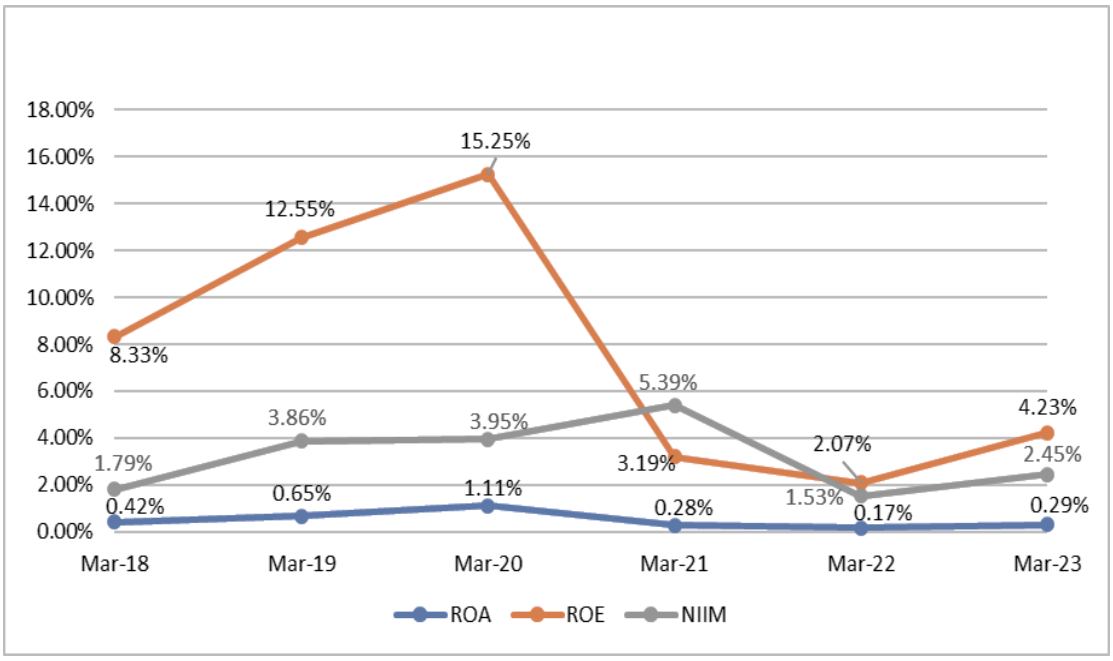
Source: CB Bank's Audited Financial Statements (2018-2023)

Regards to above Figure (3.1), ROE shows upward trend from 2018 to 2020 and sharply decline to 6.89% in 2022, then increase to 11.42% in 2023. On the other hand, ROA and NIIM are still fairly constant except down trend in 2022 which was the interim budget period from October 2021 to March 2022.

3.3.2 Financial Performance of Yoma Bank

The Figure (3.2) shows the financial performance of Yoma bank as Return on Asset (ROA), Return on Equity (ROE) and Net Interest Income Margin (NIIM) for the period from 2018 to 2023.

Figure (3.2) Financial Performance of Yoma Bank



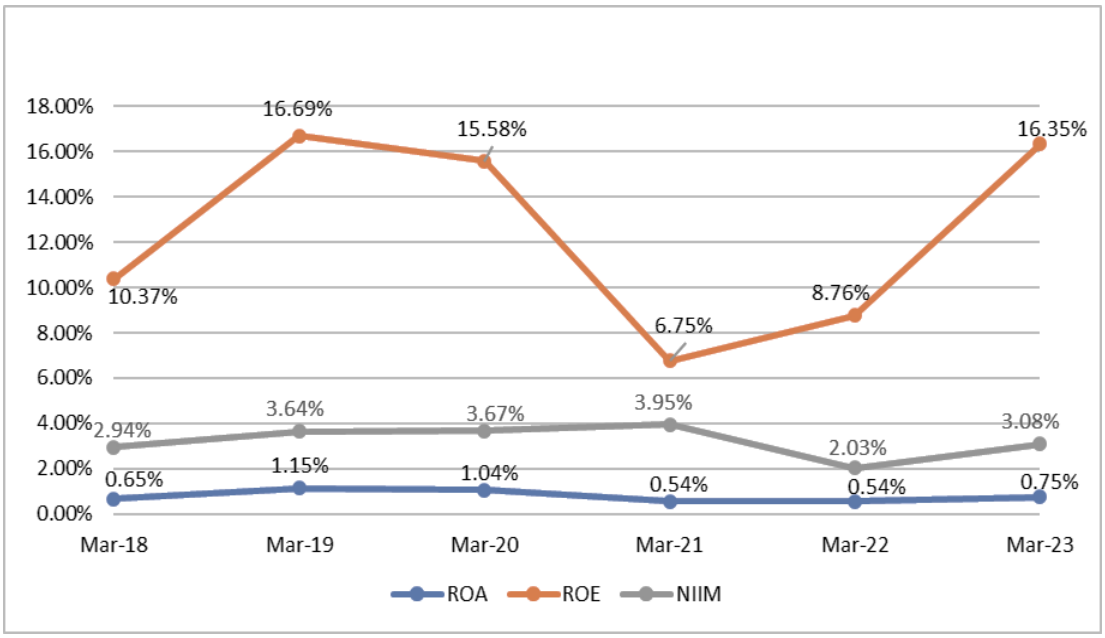
Source: Yoma Bank's Audited Financial Statements (2018-2023)

According to above Figure (3.2), the financial performance of Yoma bank is shown as Return on Asset (ROA), Return on Equity (ROE) and Net Interest Income Margin (NIIM) for the period from 2018 to 2023. ROE of Yoma Bank is highest in 2020, then sharply declined to 3.19% in 2021 and 2.07% in 2022 and recovering to 4.23% in 2023. ROA trend is very similar to ROE trend. But NIIM increased to peak 5.39% in 2021 and decline in 2022 and slightly recover to 2.45% in 2023.

3.3.3 Financial Performance of uab Bank

The Return on Equity (ROE), Return on Assets (ROA) and Net Interest Income Margin (NIIM) of uab Bank are shown on the below figure (3.3) for the period from 2018 to 2023.

Figure (3.3) Financial Performance of uab Bank



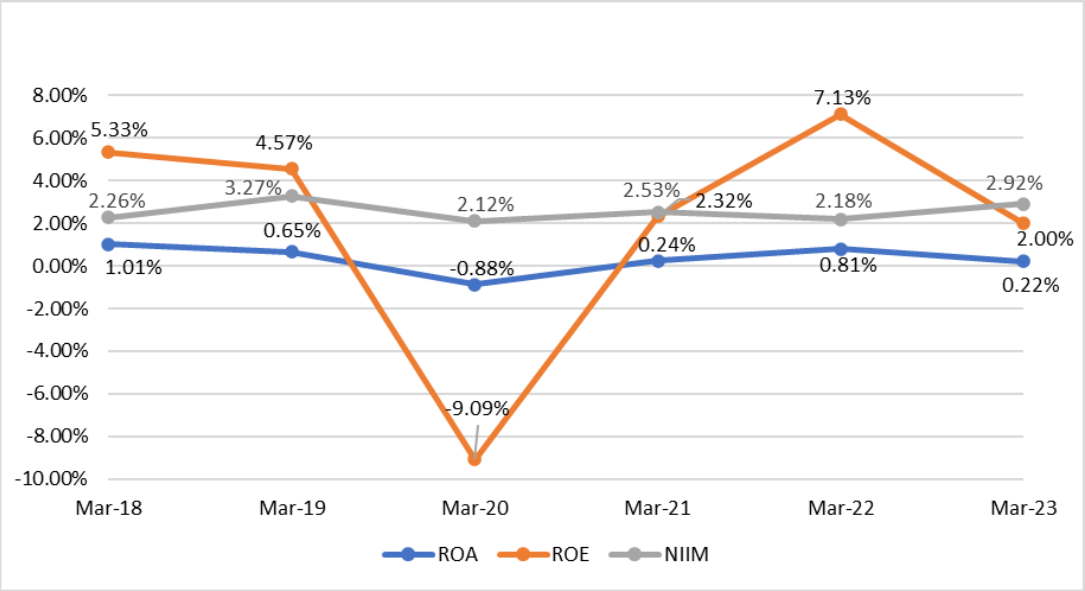
Source: uab Bank's Audited Financial Statements (2018-2023)

According to above Figure (3.3), significant swings can be seen in ROE, which began at 10.37% in 2018 and peaked at 16.69% in 2019. After a minor decline to 15.58% in 2020, there is a severe decline to 6.75% in 2021. ROE increases dramatically to 16.35% in 2023 following a modest rebound to 8.76% in 2022. ROA is still comparatively steady, having peaked in 2019 at 1.15% and continuously decrease to 0.54% from 2020 to 2022, then increase to 0.75% in 2023. On the other hand, NIIM occurs increasing trend till 2021 and decrease to 2.03% in 2022 before recovering to 3.08% in 2023.

3.3.4 Financial Performance of Myanmar Citizen Bank

The fluctuation of Return on Assets (ROA), Return on Equity (ROE) and Net Interest Income Margin (NIIM) of MCB bank in the given period of 2018-2023.

Figure (3.4) Financial Performance of Myanmar Citizen Bank



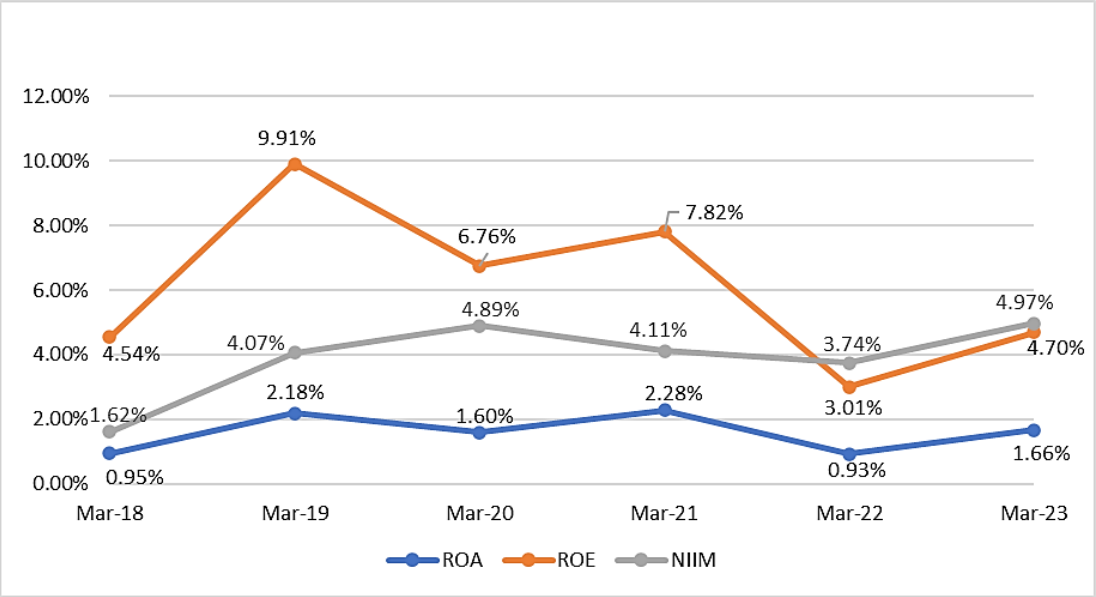
Source: MCB Bank's Audited Financial Statements (2018-2023)

The above Figure (3.4) shows the ROE, ROA and NIIM have a similar trend, which sharply decline in 2020, where ROA goes down to -0.88%, ROE to -9.09% and NIIM to 2.12% due to raising proportion of non-performing loan. After this, a fairly good improvement is observed especially in ROE, which peaked at 7.13% in 2022. ROA shows a more stable but gradual increase peaking and decrease in 2023. By March 2023, though ROA and ROE had decreased slightly, NIIM had increase to 2.92%.

3.3.5 Financial Performance of First Private Bank

The below Figure (3.5) displays the trends in Return on Assets (ROA), Return on Equity (ROE) and Net Interest Income Margin (NIIM) for the period from 2018 to 2023.

Figure (3.5) Financial Performance of First Private Bank



Source: FPB Bank's Audited Financial Statements (2018-2023)

Regard to Figure (3.5), ROA shows a relatively stable performance, starting at 0.95% in 2018, peaking at 2.28% in 2021, and slightly declining to 1.66% in 2023. ROE is less stable, differing more significantly, beginning at 4.54% in 2018, increasing its peak to 9.91% in 2019, then declining to 6.76% in 2020, then rising again to 7.82% in 2021 but experienced a sharp drop to 3.01% in 2022 before recovering to 4.70% in 2023. NIIM continuously increase to 2020 and decrease slightly in 2021-2022 and then rising again in 2023. The trend shows the volatility of ROA and ROE with fluctuations upward and downward pattern during this study years.

CHAPTER IV
ANALYSIS OF CAMELS VARIABLES AND ITS EFFECT ON FINANCIAL PERFORMANCE OF SELECTED PRIVATE BANKS

This chapter analyzes effect of CAMELS variables on financial performance of Myanmar's private banks over the audited financial statements of six fiscal year from 2017-2018 to 2022-2023. In this chapter, section 4.1 presents research design. Section 4.2 discusses the analysis on CAMELS variables of selected private banks. Section 4.3 displays descriptive statistics of CAMELS variables and financial performance. Section 4.4 conducts pre-regression analysis of CAMELS variables and financial performance. Section 4.5 shows the correlation analysis of CAMELS variables and financial performance and lastly Section 4.6 provide an analysis of CAMELS variables and financial performance.

4.1 Research Design

This study analyzes the effect of CAMELS variables on the financial performance of five selected private banks in Myanmar; CB Bank, Yoma Bank, uab Bank, Myanmar Citizen Bank and First Private Bank. Central banks used the CAMELS framework as their primary supervision framework. It was also recommended by Basel Committee and International Monetary Fund (IMF). In this study, dependent variable was ROA, while the independent factors were the updated six CAMELS variables to measure financial performance of the selected private banks in Myanmar. Secondary data were mostly employed in this study's quantitative research design. The information was gathered from previously audited financial accounts covering the six fiscal years between 2017–2018 and 2022–2023. Descriptive statistics (mean, minimum, maximum, and standard deviation) and pre-regression analysis (multicollinearity test and Durbin-Watson test) were used to initially assess the gathered data. Next, in order to examine the effect of CAMELS factors on the financial performance of selected private banks, correlation and multiple regression analysis were carried out.

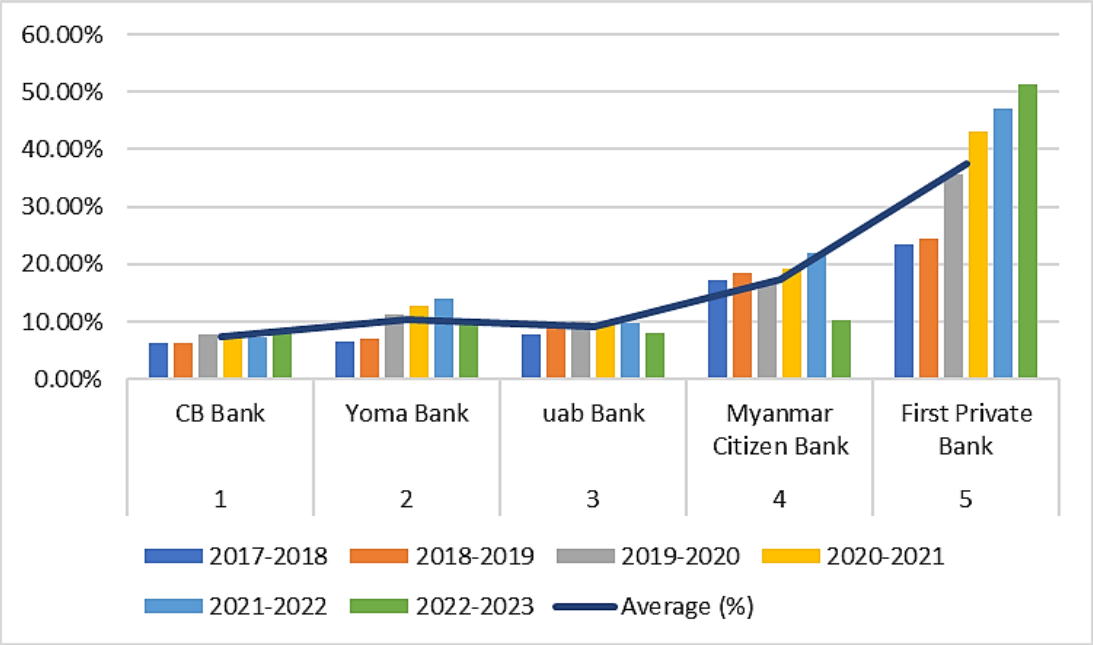
4.2 Analysis on CAMELS Variables of Selected Private Banks

The financial performance and stability of banks are crucial indicators of the overall financial health of the country's economy. The CAMELS framework is a widely used tool by central banks to evaluate the stability of banks. The updated CAMELS framework including "S" were used in this study to analyze the CAMELS's effect on the financial performance of private banks. This section indicates the analysis on each CAMELS variable of five selected private banks to measure the soundness and safety of the financial performance of each private bank.

(1) Capital Adequacy of Selected Private Banks

The capital adequacy describes a bank's total capital strength. The study used regulatory capital adequacy ratio which calculates of regulatory capital to risk weighted assets from the audited financial statements of five selected private banks.

Figure (4.1) Capital Adequacy of Private Banks



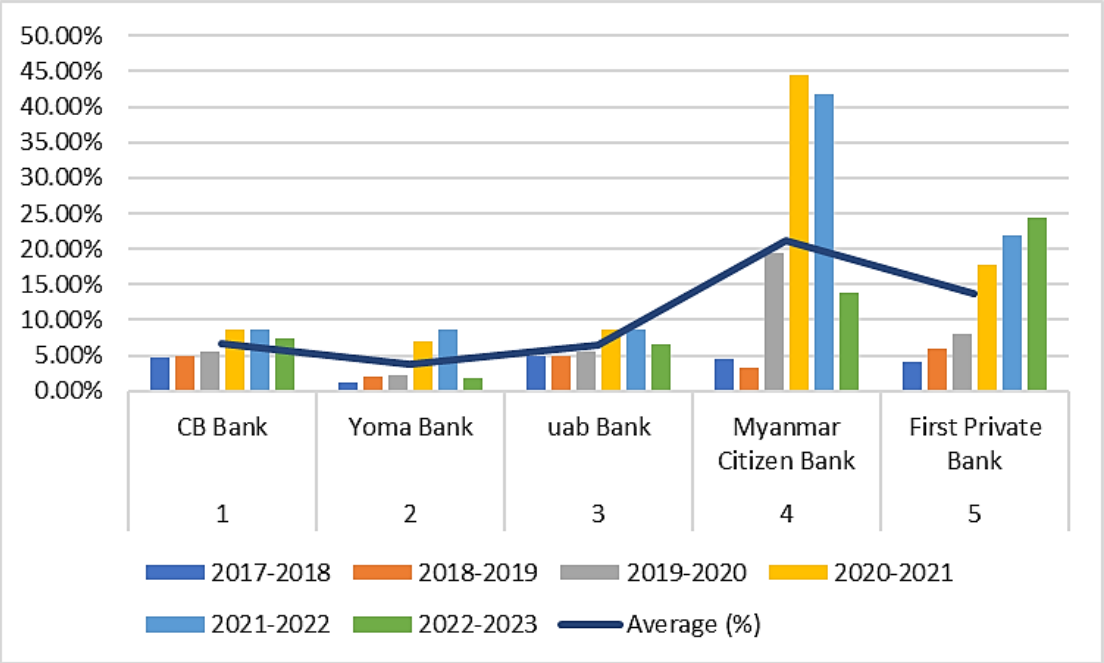
Source: Audited Financial Statements (2018-2023)

The trend line of the average CAR for each private bank could be observed from the above Figure (4.1). The CAR is highest level in the 2021-2022 fiscal year for all banks except the First Private Bank, that has an upward trend line and the largest CAR among the five banks. According to the Figure (4.1), CB bank has the least capital adequacy as compared to the other private banks.

(2) Asset Quality of Selected Private Banks

A bank's asset quality indicates its level of profitability and soundness of financial status. This study used non-performing loans to total loans ratio to capture the asset quality of five selected private banks in Myanmar.

Figure (4.2) Assets Quality of Private Banks



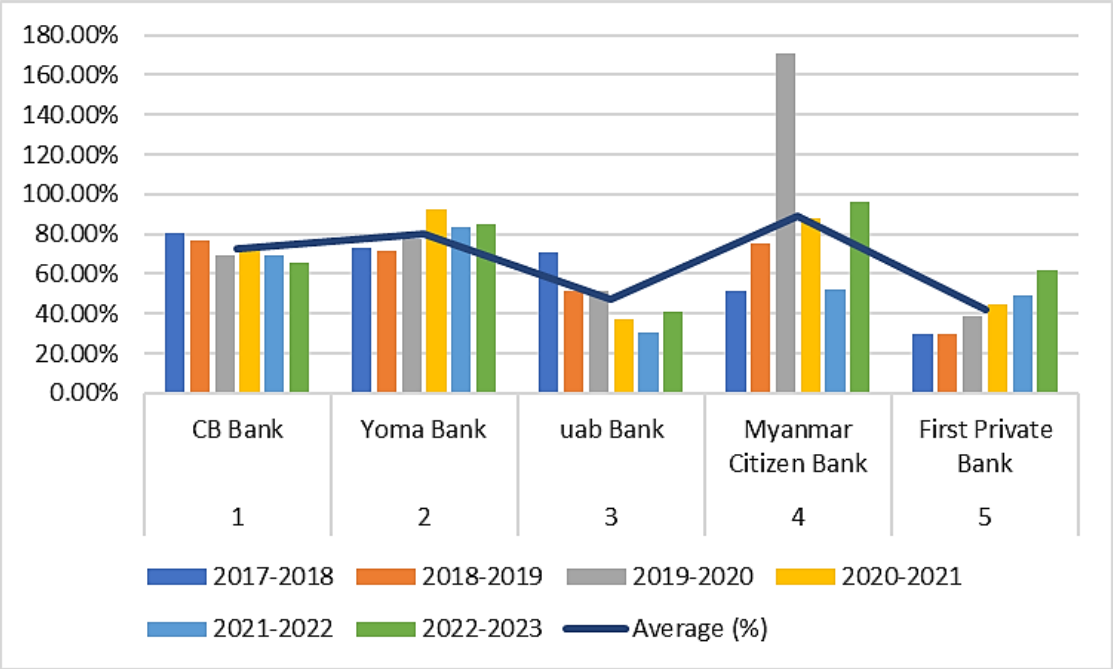
Source: Audited Financial Statements (2018-2023)

The trend line of the average asset quality ratio for each private bank can be observed from the Figure (4.2). The non-performing loan (NPL) ratio is highest level in 2020-2021 and 2021-2022 fiscal years for all banks except the First Private Bank, that has an upward trend line and highest NPL in 2022-2023. According to the Figure (4.2), Yoma bank has the best asset quality due to lowest NPL ratio and Myanmar Citizen bank has the poorest asset quality as compared to the other private banks.

(3) Management Efficiency of Selected Private Banks

A bank's management is crucial to its profitable operations and overall success. This study assessed the management efficiency of five selected private banks in Myanmar using the non-interest expense to gross income ratio. Banks need to determine obligations of the management team as the actions and decisions made by this team stabilize and generate high profitability for the banks.

Figure (4.3) Management Efficiency of Private Banks



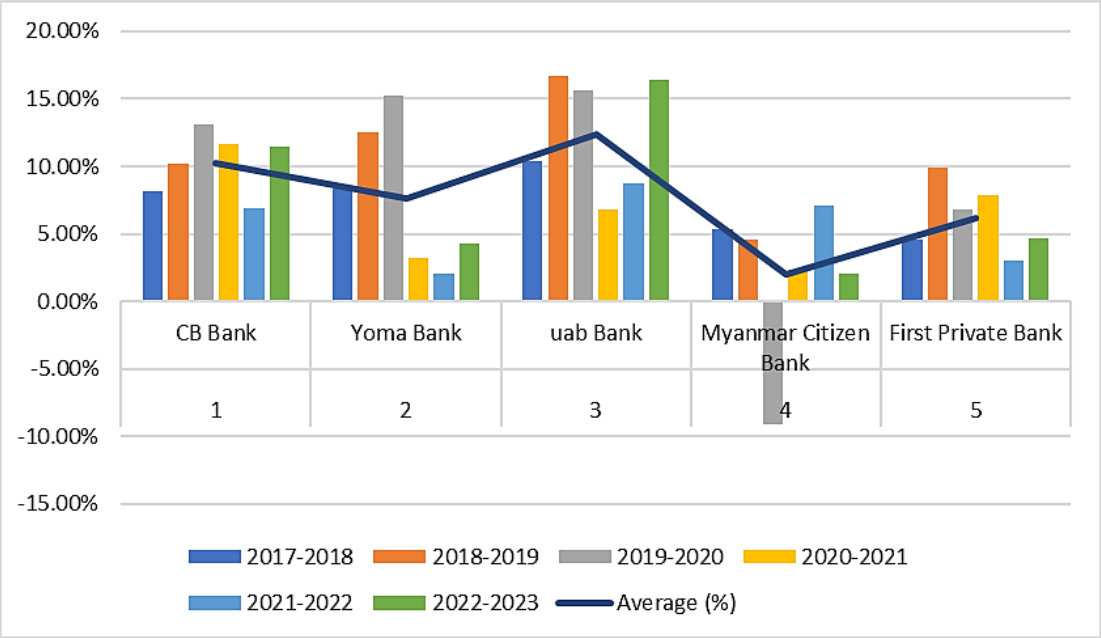
Source: Audited Financial Statements (2018-2023)

The comparison of management efficiency ratio for each private bank can be observed from the Figure (4.3). The non-interest expense to gross income ratio of Myanmar Citizen bank is highest level in 2019-2020 fiscal year before recovering in 2022 and 2023. Therefore, Myanmar Citizen Bank has the poorest management efficiency and First Private Bank has the best management efficiency as compared to the other private banks.

(4) Earning Quality of Selected Private Banks

Earning quality explains a bank's profitability using the ratios. Since a bank is a profit-driven businesses, it is unable to function without profit. The profit ratios are often calculated by banks in conclusion of financial year and the bank's annual report contains information on them. In this study, ROE ratio was applied in order to determine the earning quality of the selected private banks.

Figure (4.4) Earning Quality of Private Banks



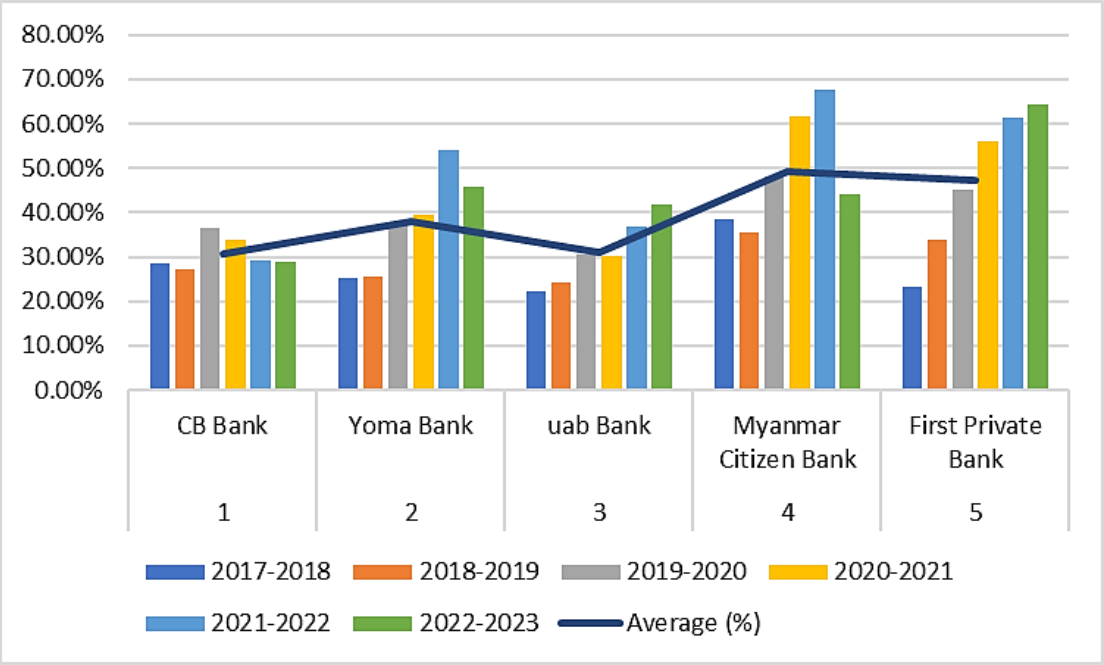
Source: Audited Financial Statements (2018-2023)

The earning quality comparison for each private bank can be observed from the Figure (4.4). The greater the earning quality ratio, the greater profitability of a bank. According to average (%) trend line, uab bank has the best earning quality and Myanmar Citizen Bank has the poorest earning quality as compared to the other private banks.

(5) Liquidity of Selected Private Banks

Having enough liquidity is crucial for any organization, but banks in particular. The banks provide credit to businesses and take deposits from the general population. In this instance, the banks cannot collect the loans from their client even if they are obligated to provide depositors' funds when they request for withdrawal of their funds. As a result, banks are dealing with a maturity mismatch, making it more crucial for them to retain sufficient liquidity. In this study, regulatory liquidity ratio was used to measure the liquidity quality of private banks.

Figure (4.5) Liquidity of Private Banks



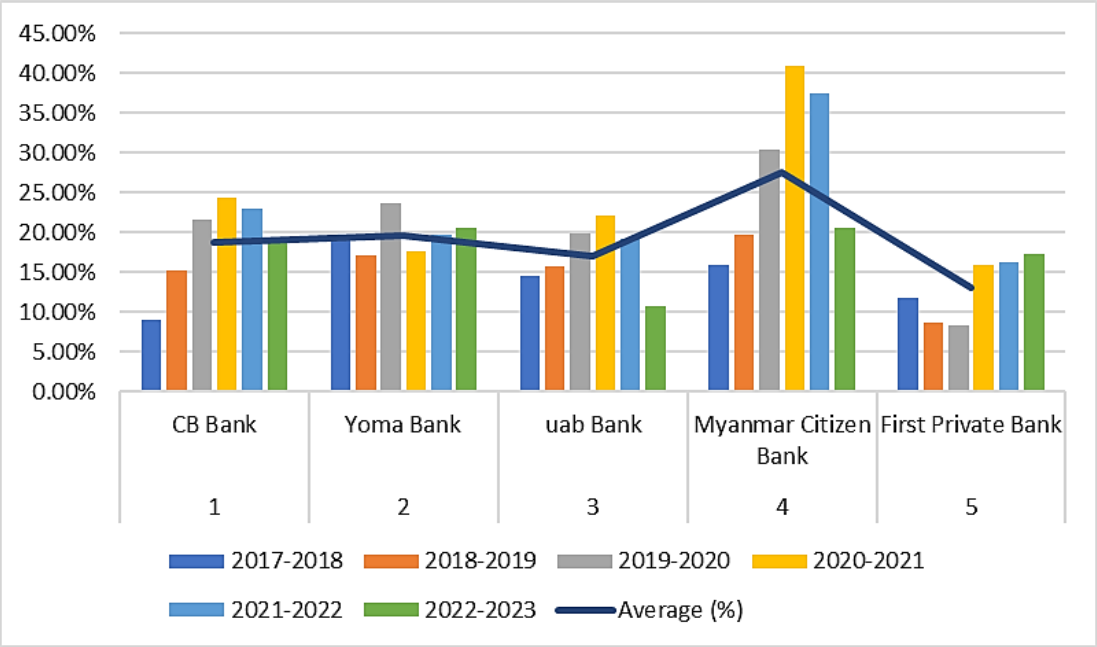
Source: Audited Financial Statements (2018-2023)

Refer to above Figure (4.5), the average liquidity ratio of Myanmar Citizen Bank is the highest, while CB Bank has the lowest liquidity ratio compared to the other private banks for the six fiscal years from 2018 to 2023. Nonetheless, the liquidity ratio of all private banks is above the regulatory requirement of 20%.

(6) Sensitivity to Market Risk of Selected Private Banks

Sensitivity to market risk is the measures of risks from changes in market factors these include the market interest rate and foreign exchange rate among others. Effective management of sensitivity to market risk is very important in the dynamic and challenging banking environment. This study used total securities divided by total assets to measure the sensitivity to market risk. It indicates the vulnerability of the bank's assets due to its investment in securities.

Figure (4.6) Sensitivity to Market Risk of Private Banks



Source: Audited Financial Statements (2018-2023)

The Figure (4.6) shows the average percentage trend line of private banks indicating the Myanmar Citizen Bank that holds the highest proportion of securities amount to total assets amount while First Private Bank holds the lowest proportion of securities amount to total assets amount. It means that volatility in market interest rate and foreign exchangeable rate would have a greater impact on banks holding a high percentage of investment securities compared to those holding the appropriate amount.

4.3 Descriptive Statistics of CAMELS Variables and Financial Performance

The study of descriptive statistics was carried out in order to better understand the distinctive features of the variables. Table (4.1) attributes the characteristics of the variables which includes number of observations, minimum, mean, maximum and standard deviation.

Table (4.1) Descriptive Statistics of CAMELS Variables and Financial Performance

Variables	N	Min	Maxi	Mean	Std. Dev.
CA	30	6.20	51.28	16.31	12.48
AQ	30	1.10	44.40	10.36	10.64
ME	30	29.55	170.53	66.28	27.54
EQ	30	-9.09	16.69	7.69	5.40
LQ	30	22.30	67.60	39.21	13.10
SM	30	8.37	40.93	19.18	7.34
ROA	30	-0.88	2.28	0.73	0.62

Source: Audited Financial Reports Data (2018-2023)

The Table (4.1) presents an overview of panel data statistics for selected private banks covering six fiscal years from 2017-2018 to 2022-2023. It indicates that there are 30 observations for five banks. It shows that a firm with a highest ROA had 2.28%, a firm with lowest ROA had -0.88%, and the mean ROA value was 0.73% in the study period. The mean of CA was 16.31% above the minimum regulatory CAR of 8% established by the central bank of Myanmar. This explains that banks have preserved a healthy capital cushion to guard against bankruptcy over the sample period.

The mean of asset quality ratio stood at 10.36% and indicates the asset quality possessing a large portion of non-performing loan amount during the study period. The mean of management efficiency ratio stood at 66.28%. The ratio revealed the management efficiency where the higher ratio means using higher non-interest expense relative to its income and lower profitability. The standard deviation revealed that ME ratio was varying 27.54% during the study period and the minimum ratio of 29.55% relates to First Private Bank and the maximum ratio of 170.53% belong to the Myanmar Citizen Bank.

The mean of earnings quality stood at 7.69% that shows the selected banks' earning quality over the total equity shareholders invested. The liquidity mean and minimum value were 39.21% and 22.3% above the regulatory requirement of 20%. It shows that five selected private banks have kept a buffer of cash on hand to handle unforeseen liquidity issues. The mean of sensitivity to market risk stood at 19.18%. It shows the proportion of securities to bank assets and the greater the ratio, the great market risks to the bank.

4.4 Pre-regression Analysis of CAMELS Variables and Financial Performance

Pre-regression analysis is a preparatory step to ensure the data is ready for regression analysis. This study conducted multicollinearity test and Durbin-Watson test for autocorrelation as pre-regression analysis to confirm the regression assumption are valid and reliable.

Test for Multicollinearity

A test for multicollinearity was taken on the study's independent variables to determine whether any inter-correlation existed between them. According to Mazengo and Mwaifyusi (2021), the multicollinearity test is a crucial tool for improving the reliability of data collection. If data collection exhibits multicollinearity, it is considered unreliable.

Table (4.2) Multicollinearity Test

Independent Variables	VIF
CA	3.933
AQ	5.412
ME	2.429
EQ	2.290
LQ	4.465
SM	4.131

Source: SPSS Output Data (2024)

The Table (4.2) shows the multicollinearity test of six independent variables of selected private banks. Data are free from multicollinearity if the VIF (Variance Inflation Factor) value is less than 10.0 (Pallant, 2020). The results of Table (4.2) indicate that there is no multicollinearity among the independent variables. Therefore, it implies that all six independent variables of this study were valid and reliable.

Test for Autocorrelation

Durbin-Watson test is the most often used method to determine if there is autocorrelation between variables (Kamboj & Gupta, 2020). If the Durbin-Watson test score falls between 1.5 and 2.5, the variable is labeled as not having autocorrelation (Mazengo & Mwaifyusi, 2021).

Table (4.3) Durbin-Watson Test for Autocorrelation

Model	Durbin-Watson Value
1	2.256

Source: SPSS Output Data (2024)

The Durbin-Watson test result of 2.256 in above Table (4.3) indicates that there is no autocorrelation between the variables of this study.

4.5 Correlation Analysis of CAMELS Variables and Financial Performance

Correlation analysis is a simple method to identify the relationship between variables whether strong or weak positive and negative relationship. The Table (4.4) displays the correlation result between ROA and CAMELS variables of selected five private banks while maintaining the correlation coefficient (r) value between +1.00 and -1.00, plus and minus one.

Table (4.4) Correlation Analysis Result of CAMELS Variables and Financial Performance

	ROA	*CA*	*AQ*	*ME*	*EQ*	*LQ*	*SM*
ROA	1.000						
CA	0.589**	1.000					
AQ	-0.024	0.467**	1.000				
ME	-0.733**	-0.250	0.127	1.000			
EQ	0.434**	-0.332*	-0.399*	-0.563**	1.000		
LQ	0.104	0.671**	0.796**	0.124	-0.471**	1.000	
SM	-0.463**	-0.108	0.690**	0.445**	-0.316*	0.451**	1.000

**. Correlation is significant at the 0.01 level.
*. Correlation is significant at the 0.05 level.
Source: Audited Financial Reports Data (2018-2023)

According to the result of Table (4.4), capital adequacy shows a strong positive relationship with the financial performance of selected private banks. This indicates that increasing capital adequacy leads to increase the banks' profitability during this study period. A more detailed analysis of the results with respect to asset quality ratio indicates that it does not have any strong relationship with the financial performance

and in fact has a very weak negative relation. This means that asset quality has very little effect on the financial performance of banks during the study period.

Meanwhile, concerning the relationship between the management efficiency and financial performance, they have a strong negative correlation. This shows that increment of management controlled non-interest expenses will steer a decline in financial performances of selected private banks. The relationship between earning quality and financial performance shows a positive relationship that means higher earning quality tend to stronger financial performance of selected private banks.

Refer to the study result, the liquidity has a minor positive correlation with financial performance of selected private banks. This means that changes in liquidity have almost no impact or little impact on financial performance. Finally, it is revealed that the sensitivity to market risk has a negative impact on financial performance. When market interest rates go up, the existing securities with lower fixed rate become less valuable on the market and this devaluation can impact the financial performance of the selected private banks. Among the six CAMELS variables, three variables such as CA, EQ and LQ show a positive relationship with financial performance, ROA. The other three variables such as AQ, ME and SM impact negatively on financial performance, ROA due to their calculation methods: AQ (non-performing loan divided by total gross loans), ME (non-interest expense divided by gross income), and SM (total securities divided by total assets). Rising non-performing loan, non-interest expenses, and securities lower profitability, thus negatively affecting the financial performance of private banks in Myanmar.

4.6 Analysis of CAMELS Variables and Financial Performance

This study attempted to examine the effect between six CAMELS variables and financial performance for a sample of 30 observations. The Table (4.5) shows the result of regression analysis of CAMELS variables and ROA of selected five private banks in Myanmar.

Table (4.5) Multiple Regression Analysis of CAMELS Variables and Financial Performance

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance
	B	Std. Error	Beta			
(Constant)	0.291	0.401		0.724	0.476	
CA	0.039***	0.008	0.785	4.848	0.000	0.254
AQ	-0.004	0.011	-0.072	-0.381	0.707	0.185
ME	-0.005*	0.003	-0.232	-1.824	0.081	0.412
EQ	0.055***	0.014	0.480	3.882	0.001	0.437
LQ	-0.005	0.008	-0.097	-0.560	0.581	0.224
SM	-0.003	0.014	-0.030	-0.184	0.856	0.242
R^2	0.847					
Adjusted R^2	0.807					
F-Value	21.151***					
*** Significant at 1%, ** Significant at 5%, and * Significant at 10% Level						

Source: SPSS Output Data (2024)

From the multiple regression result of Table (4.5), it can be pointed out that the adjusted R square value of 0.807 or 80.7% of the financial performance is explained by the independent variables. This means that the independent variables used in this study explained 80.7% of the financial performance of selected private banks. Other factors not covered in this study account for the remaining 19.3%. Data of this study is free from multicollinearity for the tolerance is greater than 0.1. Therefore, the CAMELS variables could have explained significantly the variation of the dependent variable, financial performance of the selected private banks in Myanmar.

According to the Table (4.5), the capital adequacy (CA) has the largest positive effect on financial performance (ROA) with the result of (Beta=0.785, t=4.848). It is highly significant at the 1% level. It means that profitability increases with a larger capital adequacy ratio because it reduces the requirement for outside finance. The study also shows that CA has a largest positive effect on the financial performance, ROA.

The earning quality (EQ) has the second largest positive effect on financial performance (ROA) with the result of (Beta=0.480, t=3.882). EQ is also significant at the 1% level. The management efficiency (ME) has the third largest effect but it is negative effect on financial performance (ROA) with the result of (Beta= -0.232, t= -1.824). ME is significant at the 10% level, indicating negative effect on financial

performance (ROA) due to its calculation method by the ratio of non-interest expense to gross income.

The asset quality (AQ), liquidity (LQ) and sensitivity to market risk (SM) variables have no significant effect on the financial performance (ROA). The asset quality (AQ) shows the result of (Beta= -0.072, t=- 0.381). The liquidity (LQ) shows the result of (Beta= -0.097, t= -0.560) and the sensitivity to market risk (SM) shows the result of (Beta= -0.030, t= -0.184) respectively.

The capital adequacy (CA) and earnings quality (EQ) are the most influential CAMELS variables positively affecting financial performance. Management efficiency (ME), although negatively impacting financial performance, still plays a significant role. The asset quality (AQ), liquidity (LQ) and sensitivity to market risk (SM) do not show significant effects on the financial performance (ROA) in this regression analysis of CAMELS variables and financial performance.

CHAPTER V
CONCLUSIONS

The objective of the study is evaluating the financial performance and analyzing effect of CAMELS variables on the financial performance of selected private banks in Myanmar. Assessing relationship of CAMELS variables and the financial performance of selected private banks show that; CAMELS variables possess a significant correlation with the financial performance of the private banks in Myanmar. In this chapter, section 5.1 presents the findings and discussions of the research, section 5.2 provides suggestions and recommendations. Finally, section 5.3 discusses the necessity of more research.

5.1 Findings and Discussions

The purpose of the study was to ascertain how updated six CAMELS variables affect the private banks profitability for six fiscal year period from 2017-2018 to 2022-2023. The study shows that the mean value of capital adequacy and liquidity ratio were above the regulatory requirement. It means that selected private banks have maintained an adequate capital and liquidity buffer to avoid the insolvency during the study period. The mean value of asset quality show that the selected banks are possessing a large portion of non-performing loan in the study period.

Multiple regression analysis has revealed that CAMELS variables have an important effect on financial performance of the private banks in Myanmar which means that the CAMELS variables could have explained significantly the variation of the dependent variable, financial performance (ROA) of the private banks in Myanmar. Among six variables, capital adequacy (CA), earning quality (EQ) show a positive effect on financial performance and asset quality (AQ), management efficiency (ME), liquidity (LQ) and sensitivity to market risk (SM) display a negative effect on financial performance of the selected private banks in Myanmar.

This study reveals that both capital adequacy (CA) and earning quality (EQ) have a significant positive effect on the financial performance, ROA while management efficiency (ME) has a marginally significant negative effect on the financial performance, ROA. Subsequently, asset quality (AQ), liquidity (LQ) and sensitivity to market risk (SM) have a negative insignificant effect on financial performance, ROA.

Therefore, the most influencing variables on financial performance of Myanmar's private banks are capital adequacy, earning and management efficiency which have significant strong correlation with financial performance, ROA during the study period.

Regarding asset liability management practices, all selected private banks formed asset liability committee (ALCO) composed by senior management members. The ALCO members were mainly supported the information by Treasury department staff at head office of the banks. Most banks held ALCO meeting on a monthly basis. The meeting mainly discusses about liquidity management, control of credit risk, foreign exchange risk, capital management and market updates. The study found that the private banks mainly used gap analysis, maturity mismatching between assets and liabilities, hedging tools such as forward and swap deals and compliance with regulatory requirements to mitigate the risks and ensure stability and profitability of a bank.

With regard to identifying financial performance of each selected private banks through profitability ratios like return on asset (ROA), return on equity (ROE) and net interest income margin (NIIM), CB bank, Yoma bank and uab bank experienced significant downtrend in 2021 and 2022 due to the political instability in 2021 and interim budget period in 2022. Myanmar Citizen bank and First Private bank saw decline in profitability ratios starting in 2020 due to higher non-performing loan amount and lower profitability in 2020. In 2023, all selected five private banks except Myanmar Citizen bank, occur an increasing trend in profitability.

Based on the analysis of each CAMELS variables of selected private banks, MCB and FPB bank have the poorest asset quality due to the highest non-performing loans but possess the most liquid assets among the banks studied. uab bank and CB bank show the best earning quality during the study period. Yoma bank possess the best asset quality due to the lowest non-performing loan. CB bank shows the poorest capital adequacy and liquidity ratio. Myanmar Citizen bank possess the poorest earning quality and management efficiency, indicating the highest usage of non-interest expense relative to gross income.

5.2 Suggestions and Recommendations

Based on analysis results, several implications and suggestions can be made regarding Myanmar private banking sector. The Myanmar private banks should focus on constructing and sustaining solid capital adequacy along with increasing earning and efficient management as ways to get better result of their financial performance.

Return on assets (ROA) are also closely reflected in the positive relation with capital adequacy & earning quality and negative relation with management efficiency due to the calculation method of management efficiency (non-interest expense divided by gross income). It was suggesting that banks with high capital, good earning quality and decreasing non-interest expense for management efficiency can obtain higher profits. This can be achieved through effective capital planning, equity management structure and qualified management which will help banking institutions to improve the profitability.

Asset quality affect the profitability negatively with no significant effect in the analysis. However, having proper risk management strategies on credit was really important for private banks in Myanmar though the asset quality would not enough to address profit concerns solely in this study period.

The low coefficient values of the liquidity and sensitivity to market risk to affect ROA mean that, despite being significant components to maintain general stability and adjust to the most stringent standards, they are not contributing to a higher bottom line. Although liquidity has a minor impact on financial performance, having enough liquidity to pay short-term obligations is critical. Banks should maintain optimal liquidity levels through excellent cash flow management and planning. The study shows a minor impact of sensitivity to market risk on the profitability but banks should monitor market circumstances and alter their risk management procedures as needed. Therefore, the more liquidities and market risks should remain guarded closely by private banks in Myanmar.

Bases on the profitability ratios, Yoma bank and Myanmar Citizen bank should aim to increase return on equity (ROE) and return on asset (ROA) to recover to their levels prior to 2019 by the way of reducing non-interest expenses.

According to the comparison analysis of each CAMELS variables on selected private banks, Myanmar Citizen bank and First Private bank should focus to decrease the non-performing loan amount due to the highest NPL ratio compared to other banks. Moreover, CBM asset quality criterion for banks falls into two categories: minimum 0% for excellent assets and maximum 5% for poor. Refer to analysis of each CAMELS

variables, CB bank should focus carefully on regulatory capital amount and liquidity amount due to its current ratios of regulatory capital and liquidity are on the margin of regulatory requirement ratio. In overall performance, Myanmar Citizen bank should guard closely its earning quality to be better and decrease non-interest expense to improve management efficiency and profitability.

Finally, the study recommends in increasing the capital, enhancing the earning quality and decreasing the non-interest expense for management efficiency as a key focus for private banks in Myanmar to increase profitability. It means that when these aspects are prioritized within a framework of CAMELS, the outcome will be improved financial performance of the Myanmar private banking in the long run.

5.3 Needs for Further Studies

The scope of this study was to access the financial performance and analyze the effect of the CAMELS variables on financial performance over the past six fascial year-ends in Myanmar private banking sector. The further researcher could extend the time span up to more time frame and thereby more longitudinal researches, depicting the change across the specific periods will be beneficial in analyzing the long run impacts and more over sustenance of financial performance. Subsequently, increasing the sample size and adding more banks to the sample could give a larger picture of the impact on the sector and make the results more generalizable. However, the complete data is not easily accessible to the public, which is another significant constraint in the Myanmar banking sector. Moreover, further researcher may take other approaches to evaluate the financial performance for providing different perspectives and more detail findings. Furthermore, adding the external factors, regulatory changes and macroeconomic factors like GDP and inflation could provide a broader understanding in identifying the CAMELS variables' effect on the financial performance of Myanmar private banks. Lastly, a comparison of the results with other comparable emerging economies would produce a context to benchmark against and give an evaluation of good practices that could be adopted in Myanmar. Therefore, the future researchers can refer this study as a basis for their research to extend the range and possibly improve on the outcomes of research.

REFERENCES

Ajibola, J. O. (2016). The effect of assets and liability management on financial performance of some selected Nigerian banks. *Journal of Accounting and Financial Management, 2*(2), 1-14.

Alani, F., Yaacob, H., & Hamdan, M. (2013). The comparison of financial analysis tools in conventional and Islamic banking: Evidence from Kuwait. *International Journal of Business and Management, 8*(4), 85-95.

Anjili, A. D. (2014). Effects of asset and liability management on financial performance of commercial banks in Kenya. University of Nairobi.

Bank, A. D. (2008). Risk management and asset and liability management in banks. Asian Development Bank.

Baral, K. J. (2005). Health check-up of commercial banks in the framework of CAMEL: A case study of joint venture banks in Nepal. *IEEE Acoustics, Speech, and Signal Processing Newsletter, 2*(1), 1-8.

Budhathoki, P. B., & Rai, C. K. (2020). The effect of specific factors on bank profitability: Evidence from Nepalese banks. *Journal of Economics and Business, 3*(1), 1-12.

CB Bank. (2024). Retrieved from https://www.cbbank.com.mm/en

Central Bank of Myanmar. (2022). *2021-2022 FY six-month report.* Central Bank of Myanmar.

Central Bank of Myanmar. (n.d.). *Financial Institutions*. Central Bank of Myanmar.

Chanie, M. (2022). The effect of asset and liability management on the financial performance of private banks in Ethiopia (Doctoral dissertation, Addis Ababa University).

Chew, H. Y. (2019). The impact of return on assets (ROA) in relation to internal factors and external factors towards Casio Computer Co., Ltd.'s performance. Universiti Utara Malaysia.

Dembel, B. (2020). Factors affecting the performance of commercial banks (A case study on commercial banks in Ethiopia): CAMEL ratings. *Research Journal of Finance and Accounting, 11*(5), 1-10.

Dias, K. N. (2021). Impact of asset and liability management on financial performances: Case of Sri Lankan domestic banks. Sri Lankan.

Eljelly, A. M. A., & Elobeed, A. A. (2013). Performance indicators of banks in a total Islamic banking system: The case of Sudan. *International Journal of Islamic and Middle Eastern Finance and Management, 6*(2), 142-155.

First Private Bank. (2024). Retrieved from https://www.firstprivatebank.com.mm/

Harrison, F. N., & Muiru, M. (2021). Effects of financial management practices on performance of commercial banks in Kenya. *International Journal of Finance (IJF), 6*(1), 17-38.

Hsu, H. L. (2019). *The Effects of Asset and Liability Management on the Performance of AYA Bank.* Yangon University of Economics.

Hull, J. C. (2023). Risk management and financial institutions (6th ed.), John Wiley & Sons, Inc., Hoboken, New Jersey.

Immaculee Mukasinayobye & Mulyungi, P. (2017). Influence of asset liability management on financial performance of commercial banks in Rwanda: Camel model approach. *International Journal of Science and Research (IJSR), 6*(8), 1-5.

International Monetary Fund. (2019). Financial Soundness Indicators Compilation Guide, 3-5.

Irawati, N., Maksum, A., Sadalia, I., & Muda, I. (2019). Financial performance of Indonesian's banking industry: The role of good corporate governance, capital adequacy ratio, non performing loan and size. *International Journal of Scientific & Technology Research, 8(*4), 22.

Ismail, M. Z., Hosin, H., Yaacob, F. F., Abu-Hussin, M. F. A. H., Azhar, S. N. A. S., Hehsan, A., Junaidi, J., Aziz, A., Yaakob, S. N. A., & Jailani, M. R. (2023). The role of asset-liability management on financial stability in Malaysia. *International Journal of Academic Research in Business and Social Sciences, 13(5), 2439 – 2446.*

Kallianta, M. (2016). *Asset Liability Management*. School of Economics, Business Administration & Legal Studies, Greece.

Kamboj, R., & Gupta, V. (2020). Spatial correlation-based outlier detection in clustered wireless sensor network. *In International Conference on Intelligent Computing and Smart Communication 2019*, 127-135.

Koch, T. W., & MacDonald, S. (1995). *Bank Management* (4th ed.). Dryden Press.

Kumar, V., & Sayani, H. (2015). Application of CAMEL model on the GCC Islamic banks: 2008-2014. *Journal of Islamic Banking and Finance, 3*(2), 1-14.

List of Private Banks, Central Bank of Myanmar. (n.d.). Retrieved from https://www.cbm.gov.mm/content/6093

VDB Loi. (2018, July 31). New rules on sanitizing bank overdrafts in effects.

Magoma, A., Mbwambo, H., Sallwa, A., & Mwasha, N. (2022). Financial performance of listed commercial banks in Tanzania: A CAMEL MODEL Approach. *African journal of applied research, 8(1),* 228-239.

Maharjan, S. (2022). Assets and liability management and its effect on commercial banks profitability. Tribhuvan University.

Mansyur, N. (2017). Impact financial risk on financial performance bank in Indonesia. *The International Journal of Business & Management, 5*(10), 305-310.

Mathiraj, D. S. (n.d.). Camel Model in Banking Sector.

Mazengo, S. D., & Mwaifyusi, H. A. (2021). The effect of liquidity, profitability and company size on dividend payout: evidence from financial institutions listed in Dar es Salaam stock exchange. *Business Education Journal*, 7(1), 1-12.

Myanmar Citizen Bank. (2024). Retrieved from https://mcb.com.mm/

Najimi, N. A., Wani, N.H, and Deshpande, A. (2022), Effect of asset-liability management on bank profitability: Evidence from Afghanistan banking sector, *Kardan Journal of Economics and Management Sciences*, 5 (4), 35-49.

Nyarko-Baasi, M. (2018). Effects of non-performing loans on the profitability of commercial banks: A study of some selected banks on the Ghana Stock Exchange. *Global Journal of Management and Business Research: C Finance, 18*(2), 6-9.

Olalekan, A., & Adeyinka, S. (2013). Capital adequacy and banks' profitability: Empirical evidence from Nigeria. *American International Journal of Contemporary Research, 3*(10), 87.

Owoputi, J. A., Kayode, O. F., & Adeyefa, F. A. (2014). Bank specific, industry specific and macroeconomic determinants of bank profitability in Nigeria. *European Scientific Journal, 10*(25), 408.

Pallant, J. (2020). SPSS survival manual: *A step by step guide to data analysis using IBM SPSS*. Routledge.

Phoo, P. M. (2019). *Effects of Asset-Liability Management on Financial Performance of First Private Bank*. Yangon University of Economics.

Pradhan, R. S., & Shrestha, A. (2017). The impact of capital adequacy and bank operating efficiency on financial performance of Nepalese commercial banks.

Quang, N. T. T., & Gan, C. (2019). Bank risk management: A regulatory perspective. IntechOpen.

Rose P. S. and Hudgins S. C. *Bank management & financial services*, Ninth Edition, McGraw-Hill, 2013.

Ryan, R. J. (2013). *The evolution of asset/liability management.* The Research Foundation of CFA Institute.

Santos, J. A. C. (2000). Bank capital regulation in contemporary banking theory: A review of the literature (BIS Working Papers No. 90). Bank for International Settlements, Monetary and Economic Department.

Umoru, D., & Osemwegie, J. O. (2016). Capital adequacy and financial performance of banks in Nigeria: Empirical evidence based on the FGLS estimator. *European Scientific Journal*, *12*(25), 295.

Widyarini, R., & Marsoem, B. S. (2021). Determinants of banking profitability listed on the Indonesia Stock Exchange before and during COVID-19. *Jurnal Syntax Admiration*, *2*(12).

World Bank. (2022, July 8). *Myanmar Financial Sector Reforms.*

World Bank. (2023, December). *Myanmar Economic Monitor.*

Thejane, R. (2017). The effect of asset liability management strategies and regulation on performance of commercial banks in Lesotho. Wits Business School.

uab Bank. (2024). Retrieved from https://www.uab.com.mm/

UKEssays. (2018). Objective and functions of asset liability management committee finance essay.

W. I. Madhushani, K. Perera (2022). The impact of assets liability management on the financial performance: Evidence from Licensed Commercial Banks in Sri Lanka. *The International journal of accounting (IJA)*, *2*(1), 1-15.

Yoma Bank. (2024). Retrieved from https://www.yomabank.com/en/

Zagherd, M., & Barghi, M. (2017). Performance evaluation of Iranian banking industry through CAMELS framework. *Journal of Accounting & Marketing*, 6(3), 1-7.

APPENDIX

Appendix (1) Statement of Financial Position of CB Bank

CB BANK PCL
(Incorporated in the Republic of the Union Of Myanmar)
Statement of Financial Position

	Note No.	As at 31 March 2023 (Kyat in Thousand)	As at 31 March 2022 (Kyat in Thousand)
Assets			
Cash & cash equivalents	6	1,042,417,291	1,023,931,189
Loans and overdraft	7	4,665,569,291	4,138,158,414
Advance & Receivable	8	345,404,932	277,701,195
Investments	9	1,454,613,550	1,694,213,550
Property, plant and equipment	10	210,010,950	222,857,601
Deferred Expenses	11	424,885	619,846
Total Assets		**7,718,440,899**	**7,357,481,795**
Liabilities			
Deposits from customers	12	6,325,575,568	5,502,430,583
Other liabilities	13	367,267,752	308,948,582
Payment Order		6,364,347	10,877,733
Provision for Income Tax		11,968,659	11,524,315
Dividend Payable		1,491,095	1,491,501
Borrowings	14	608,015,454	1,181,438,091
Total Liabilities		**7,320,682,875**	**7,016,710,805**
Equity			
Issued & Paid Up Capital	15	110,033,490	110,033,490
Share Premium		39,233,525	39,233,525
Reserve and Retained Earnings	16		
General Reserve (Statutory)		57,573,249	46,220,103
General Provision for Loan & Receivables		94,000,000	83,000,000
Reserve for Contingencies		365,517	335,517
Reserve for Dividend Equalization Fund		46,588	46,588
Retained Earnings		96,505,655	61,901,767
Total Equity		397,758,024	340,770,990
Total Liabilities and Equity		**7,718,440,899**	**7,357,481,795**
Acceptance, Endorsement and Guarantee per Contra		188,255	196,655

See accompanying notes to the financial statements
Authenticated by ;

U Kyaw Lynn	U Tin Maung Htwe	U Zayar Kyaw
Chief Executive Officer	**Director**	**Managing Director**

Source: CB Bank Audited Financial Statement

Appendix (2) Statement of Comprehensive Income of CB Bank

CB BANK PCL
(Incorporated in the Republic of the Union Of Myanmar)
Statement of Comprehensive Income

	Note No.	Year ended March 31, 2023 (Kyat in Thousand)	Period ended March 31, 2022 (Kyat in Thousand)
Interest Income	17	518,596,773	244,678,052
Interest Expenses	18	(393,014,178)	(179,331,202)
Net interest income		125,582,595	65,346,850
Other Operating income	19	62,282,683	28,884,697
Total Operating income		187,865,278	94,231,547
Operating Expenses			
Personnel expenses	20	(48,947,557)	(21,615,093)
General and administrative expenses	21	(63,018,175)	(24,524,330)
Depreciation Expenses		(9,862,069)	(4,970,570)
Specific Provision		(1,732,284)	(14,405,482)
Total Operating Expenses		(123,560,085)	(65,515,475)
Net Profit before Taxes		64,305,193	28,716,072
Loan Loss Provision		(11,037,050)	(3,155,383)
Gain on Disposal Fixed Assets		-	55,898
Income tax expenses		(8,168,160)	(2,348,498)
Net Profit/(Loss) after tax		45,099,983	23,268,089
Dividend Income		312,600	210,000
Net Profit for the period/year		45,412,583	23,478,089

See accompanying notes to the financial statements
Authenticated by ;

U Kyaw Lynn	U Tin Maung Htwe	U Zayar Kyaw
Chief Executive Officer	Director	Managing Director

Date: October 2 , 2023.

Source: CB Bank Audited Financial Statement

Appendix (3) Statement of Financial Position of Yoma Bank

YOMA BANK LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023

In millions	Note	March 31, 2023	March 31, 2022
		MMK	MMK
ASSETS			
Cash on hand and at banks	8	590,262.48	731,134.65
Interbank placements		96,117.00	21,000.00
Investment securities	9	790,625.34	613,414.08
Loans and advances, net	10	2,107,723.85	1,631,048.73
Property and equipment	11	162,563.03	45,095.34
Software, licenses and rights	12	5,320.64	6,569.44
Other assets	13	103,136.48	53,359.18
Total assets		3,855,748.82	3,101,621.42
LIABILITIES			
Interbank deposits		1,449.08	950.41
Due to non-bank customers	14	3,508,448.41	2,783,344.27
Interbank borrowings		30,275.00	19,558.00
Accruals and other liabilities	15	48,627.10	44,717.95
Total liabilities		3,588,799.59	2,848,570.63
EQUITY			
Share capital	16	86,260.44	86,260.44
Share premium	16	30,130.00	30,130.00
Reserves	17	87,044.77	80,961.89
Retained earnings		63,514.02	55,698.46
Total equity		266,949.23	253,050.79
Total liabilities and equity		3,855,748.82	3,101,621.42
OFF-BALANCE SHEET			
Contingent liabilities	25	41,806.17	38,158.68
Commitments	26	163,869.96	146,943.04

On behalf of the Board of Directors,

Theim Wai @ Serge Pun Executive Chairman	Ba Maung Sein Chief Executive Officer	Kyaw Khaing Win Chief Financial Officer

Date: May 31, 2023

Source: Yoma Bank Audited Financial Statement

Appendix (4) Statement of Profit or Loss and Other Comprehensive Income of Yoma Bank

YOMA BANK LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2023

In millions	Note	For the year ended March 31, 2023	For the six-month period ended March 31, 2022
		MMK	MMK
Interest income	18	260,897.86	102,821.95
Interest expense	18	(187,485.06)	(68,143.40)
Net interest income		73,412.80	34,678.55
Fees and commission income	19	17,317.48	5,245.56
Other income	20	9,321.23	239.48
Non-interest income		26,638.71	5,485.04
Income before operating expenses		100,051.51	40,163.59
General and administrative expense	21	(13,792.86)	(6,222.73)
Personnel expense	22	(43,185.09)	(18,307.27)
Rent expense		(9,459.01)	(3,769.79)
Depreciation and amortisation	11,12	(6,613.53)	(2,934.41)
(Allowance)/Write-back for impairment on loans and advances	10	(8,190.11)	3,416.76
(Allowance)/Write-back for impairment on repossessed properties	13	(6,471.48)	325.84
Writeback/(Allowance) for impairment on restructured loans and advances	10	21,110.98	(756.54)
2% general provision on loan and advances	17	(2,607.27)	-
Other expenses	23	(15,694.03)	(5,196.25)
Total expenses		(84,902.40)	(33,444.39)
Profit before tax		15,149.11	6,719.20
Income tax expense	24	(3,857.94)	(1,477.00)
Profit for the year/period		11,291.17	5,242.20
Total comprehensive income for the year/period		11,291.17	5,242.20

On behalf of the Board of Directors,

Theim Wai @ Serge Pun Executive Chairman	Ba Maung Sein Chief Executive Officer	Kyaw Khaing Win Chief Financial Officer

Date: May 31, 2023

Source: Yoma Bank Audited Financial Statement

Appendix (5) Statement of Financial Position of uab Bank

uab bank Limited

(Incorporated in the Republic of the Union of Myanmar)

Statement of Financial Positions as at 31st March 2023

	Notes	The Bank 2023 MMK'000	The Bank 2022 MMK'000
Assets			
Cash and cash equivalents	8	861,384,125	251,656,813
Loan and advances to customers	9	1,569,506,106	1,036,552,140
Investment securities	10	324,104,000	362,174,000
Property, plant and equipment	11	69,697,306	48,342,630
Right-of-use assets	12	23,321,212	21,743,673
Investment properties	13	-	902,196
Intangible assets	14	245,609	281,432
Other assets	15	173,373,075	169,731,824
Total Assets		**3,021,631,433**	**1,891,384,709**
Liabilities			
Deposits and placements with banks	16	40,447,461	23,717,910
Deposits from customers	17	2,105,816,699	1,445,946,180
Borrowings	18	474,166,829	100,393,588
Other liabilities	19	257,707,490	201,190,483
Lease liabilities	20	4,156,750	3,577,499
Total Liabilities		**2,882,295,229**	**1,774,825,660**
Equity			
Share Capital	21	54,000,000	54,000,000
Reserves	22	36,569,581	30,875,292
Retained earnings		48,766,622	31,683,756
Equity Attributable to Shareholders of the Bank		**139,336,203**	**116,559,048**
Total Equity and Liabilities		**3,021,631,433**	**1,891,384,709**
Off-Balance Sheet	23		
Performance Guarantee		96,554,368	78,151,935
Contingent Liabilities		154,314	2,850,204
Other		305,895	-
Commitment		47,196,955	30,738,033

See accompanying notes to the financial statements

Authenticated by the Directors:

Win Htein Min	**Christopher Loh**	**Leong Yang Yang**
Non-Executive Director	**MD & Chief Executive Officer**	**Head of Finance**

Source: uab Bank Audited Financial Statement

Appendix (6) Statement of Profit or Loss and Other Comprehensive Income of uab Bank

uab bank Limited

(Incorporated in the Republic of the Union of Myanmar)

Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31st March 2023

	Notes	The Bank 2023 MMK'000	The Bank 2022 MMK'000
Interest income	24	167,805,907	63,569,814
Interest expense	25	(109,500,662)	(35,209,771)
Net interest income		**58,305,245**	**28,360,043**
Fee and commission income	26	21,212,792	14,285,446
Other income	27	13,555,126	2,928,447
Operating income		**93,073,163**	**45,573,936**
Personnel expenses	28	(19,565,855)	(8,401,002)
General and administrative expenses	29	(9,892,604)	(2,664,019)
Operating lease expenses	30	(516,251)	(241,972)
Depreciation and amortisation		(2,026,885)	(980,063)
Depreciation on Right-of-use assets		(3,039,593)	(1,399,594)
Other expenses	31	(2,532,732)	(153,797)
Finance cost	32	(261,501)	(130,435)
Operating expenses		**(37,835,420)**	**(13,970,882)**
Operating profit before allowance		**55,237,743**	**31,603,054**
Less: Allowance for credit and other losses	33	(27,049,496)	(18,220,437)
Net profit before tax		**28,188,247**	**13,382,617**
Taxation	34	(5,411,091)	(3,175,571)
Net profit after tax		**22,777,155**	**10,207,046**
Other comprehensive income		-	-
Total comprehensive income for the period		**22,777,155**	**10,207,046**

See accompanying notes to the financial statements

Authenticated by the Directors:

Win Htein Min	**Christopher Loh**	**Leong Yang Yang**
Non-Executive Director	**MD & Chief Executive Officer**	**Head of Finance**

Source: uab Bank Audited Financial Statement

Appendix (7) Statement of Financial Position of Myanmar Citizen Bank

မြန်မာနိုင်ငံသားများဘဏ် အများနှင့်သက်ဆိုင်သော ကုမ္ပဏီလီမိတက်

(ပြည်ထောင်စုသမ္မတမြန်မာနိုင်ငံတော်တွင် ဖွဲ့စည်းတည်ထောင်သည်)

၂၀၂၃ ခုနှစ်၊ မတ်လ (၃၁) ရက်နေ့ရှိ ဘဏ္ဍာရေးအခြေအနေပြရှင်းတမ်း

	မှတ်စု	၂၀၂၃ မြန်မာကျပ်	၂၀၂၂ မြန်မာကျပ်
ရရန်ပိုင်ခွင့်များ			
ငွေနှင့်ဘဏ်လက်ကျန်	၆	၁၁၂,၁၂၉,၉၂၃,၇၅၇	၁၃၁,၇၄၅,၃၆၃,၄၆၀
ချေးငွေလက်ကျန်	၇	၃၆၃,၉၅၈,၉၃၆,၇၈၉	၂၁၅,၃၇၃,၇၈၇,၀၉၇
ရင်းနှီးမြုပ်နှံမှုများ	၈	၁၃၃,၉၉၈,၈၃၇,၁၅၀	၂၃၄,၈၃၁,၁၂၆,၁၂၇
အခြားရပိုင်ခွင့်များ	၉	၂၀,၃၀၆,၈၀၄,၇၀၄	၂၃,၀၃၂,၁၃၁,၈၉၈
ပုံသေပိုင်ပစ္စည်း	၁၀	၁၇,၄၅၅,၈၈၇,၇၈၃	၁၆,၇၁၆,၈၀၄,၇၁၇
ထိတွေ့ကိုင်တွယ်၍မရသောပစ္စည်း	၁၁	၄,၀၀၃,၉၇၆,၃၇၇	၃,၉၅၁,၇၇၇,၅၆၄
စုစုပေါင်းရရန်ပိုင်ခွင့်များ		**၆၅၁,၈၅၄,၃၆၆,၅၆၀**	**၆၂၅,၆၅၀,၉၉၀,၈၆၃**
ပေးရန်တာဝန်များ			
အပ်ငွေများ	၁၂	၅၂၄,၈၀၄,၂၃၆,၂၈၅	၄၉၄,၆၁၇,၇၇၈,၄၆၅
အခြားပေးရန်တာဝန်များ	၁၃	၂၄,၇၆၈,၃၀၉,၄၇၄	၂၅,၆၆၂,၄၆၉,၀၆၉
ချေးယူငွေများ	၁၄	၂၉,၇၇၄,၈၅၀,၀၀၀	၃၄,၃၁၅,၄၀၀,၀၀၀
စုစုပေါင်းပေးရန်တာဝန်များ		**၅၇၉,၃၄၇,၃၉၅,၇၅၉**	**၅၅၄,၅၉၅,၆၄၇,၅၃၄**
အစုရှင်များ၏ပိုင်ဆိုင်ခွင့်			
ထုတ်ဝေပေးသွင်းပြီးရင်းနှီးငွေ	၁၅	၅၇,၁၂၄,၆၆၂,၈၀၀	၅၇,၁၂၄,၆၆၂,၈၀၀
ရန်ပုံငွေများ	၁၆	၁၄,၉၀၆,၈၀၇,၉၈၁	၁၄,၅၄၃,၉၀၁,၁၁၃
အမြတ်လက်ကျန်		၄၇၅,၅၀၀,၀၂၀	(၆၁၃,၂၂၀,၅၈၄)
စုစုပေါင်းအစုရှင်များ၏ပိုင်ဆိုင်ခွင့်		**၇၂,၅၀၆,၉၇၀,၈၀၁**	**၇၁,၀၅၅,၃၄၃,၂၂၉**
စုစုပေါင်းအစုရှင်များ၏ပိုင်ဆိုင်ခွင့်နှင့်ပေးရန်တာဝန်များ		**၆၅၁,၈၅၄,၃၆၆,၅၆၀**	**၆၂၅,၆၅၀,၉၉၀,၈၆၃**

ဘဏ္ဍာရေးရှင်းတမ်းများအတွက်မှတ်စုများကိုကြည့်ပါ။

ဒါရိုက်တာများမှ အတည်ပြုချက်

Khin Chaw Su Win

KHIN CHAW SU WIN
CHIEF FINANCIAL OFFICER
MYANMAR CITIZENS BANK LTD.

TOE AUNG MYINT
Director (Board of Directors)
Myanmar Citizens Bank Ltd.

Source: Myanmar Citizen Bank Audited Financial Statement

Appendix (8) Statement of Comprehensive Income of Myanmar Citizen Bank

မြန်မာနိုင်ငံသားများဘဏ် အများနှင့်သက်ဆိုင်သော ကုမ္ပဏီလီမိတက်

(ပြည်ထောင်စုသမ္မတမြန်မာနိုင်ငံတော်တွင် ဖွဲ့စည်းတည်ထောင်သည်)

၂၀၂၃ ခုနှစ် ၊ မတ်လ (၃၁)ရက်နေ့ ကုန်ဆုံးသောနှစ်အတွက် ဝင်ငွေအလုံးစုံပါဝင်သောရှင်းတမ်း

	မှတ်စု	၂၀၂၃ မြန်မာကျပ်	၂၀၂၂ မြန်မာကျပ်
အတိုးဝင်ငွေ	၁၇	၄၃,၆၃၀,၄၉၀,၂၇၂	၂၂,၈၈၇,၈၅၀,၃၆၈
အတိုးစရိတ်	၁၈	(၂၉,၀၉၉,၃၄၈,၂၂၀)	(၁၃,၀၇၉,၅၁၂,၃၇၇)
အသားတင် အတိုးဝင်ငွေ		**၁၄,၅၃၁,၁၄၂,၀၅၂**	**၉,၈၀၈,၃၃၇,၉၉၁**
အသားတင် ကော်မရှင်ဝင်ငွေနှင့်အခကြေးငွေ	၁၉	၄,၂၈၉,၄၈၀,၇၇၁	၁,၈၂၅,၂၃၈,၉၉၄
အခြားဝင်ငွေ	၂၀	(၂,၇၉၄,၈၅၃,၄၇၀)	၇၂၇,၀၁၃,၆၈၁
		၁၆,၀၂၅,၇၆၉,၃၅၃	**၁၂,၃၆၀,၅၉၀,၆၆၆**
သီးသန့်ကြွေးဆုံးလျှာထားငွေ		၄,၆၃၃,၁၄၅,၁၀၁	၆၉၅,၉၁၇,၈၅၆
ချေးငွေဆုံးရှုံးမှုအထွေထွေလျှာထားငွေ		(၂,၈၇၅,၃၉၀,၆၉၁)	၂၅၆,၆၄၄,၄၄၄
စုစုပေါင်းဝင်ငွေ		**၁၇,၇၈၃,၅၂၃,၇၆၃**	**၁၃,၃၁၃,၁၅၂,၉၆၅**
စီမံခန့်ခွဲမှုနှင့် အထွေထွေစရိတ်	၂၁, ၂၂	(၁၅,၀၂၈,၄၈၈,၁၅၇)	(၅,၉၇၀,၃၈၈,၇၉၁)
တန်ဖိုးလျော့	၁၀,၁၁	(၂,၀၃၀,၈၄၅,၈၇၅)	(၁,၀၀၁,၀၂၂,၄၁၂)
အခွန်မလျှာထားမီအသားတင်အမြတ်/(အရှုံး)		**၇,၃၄၁,၇၄၁,၇၆၂**	**၆,၃၄၁,၇၄၁,၇၆၂**
ဝင်ငွေခွန်စရိတ်	၂၃	၇,၂၇,၄၃၇,၇၄၁	(၁,၂၇၆,၃၁၉,၄၇၃)
အခွန်လျှာထားပြီးအသားတင်အမြတ်/(အရှုံး)		**၁,၄၅၁,၆၂၇,၄၇၂**	**၅,၀၆၅,၄၂၂,၂၈၉**
နှစ်အတွင်းအခြားသောဝင်ငွေအလုံးစုံ		-	-
နှစ်အတွင်းစုစုပေါင်းဝင်ငွေအလုံးစုံ		**၁,၄၅၁,၆၂၇,၄၇၂**	**၅,၀၆၅,၄၂၂,၂၈၉**
အစုရှယ်ယာတစ်စု၏အခြေခံဝင်ငွေ/(အရှုံး)နှင့် လျှာနည်းဖွယ်ရှိသော ဝင်ငွေ/(အရှုံး)	၂၄	၁၄၀	၄၈၇

ဘဏ္ဍာရေးရှင်းတမ်းများအတွက်မှတ်စုများကိုကြည့်ပါ။

ဒါရိုက်တာများမှ အတည်ပြုချက်

KHIN CHAW SU WIN
CHIEF FINANCIAL OFFICER
MYANMAR CITIZENS BANK LTD.

TOE AUNG MYINT
Director (Board of Directors)
Myanmar Citizens Bank Ltd

Source: Myanmar Citizen Bank Audited Financial Statement

Appendix (9) Statement of Financial Position of First Private Bank

FIRST PRIVATE BANK PUBLIC COMPANY LIMITED
(Incorporated in the Republic of the Union Of Myanmar)
Statement of Financial Position

	Notes	As At 31st March 2023 MMK	As At 31st March 2022 MMK
Assets			
Cash & cash equivalents	6	50,355,108,178	55,339,309,337
Loans and receivables	7	96,106,933,755	106,980,682,324
Prepaid and other receivable	8	8,663,720,779	12,773,443,128
Inventories		45,840,139	43,037,128
Investments	9	36,201,300,000	36,201,300,000
Property and equipment	10	17,705,994,579	11,210,429,521
Advanced Tax		530,009,634	734,319,302
Total Assets		**209,608,907,064**	**223,282,520,740**
Equity			
Paid up Capital	11	29,664,613,000	24,720,530,000
Share Premium		11,845,878,597	11,845,878,597
Statutory Reserve	12	18,525,972,824	17,656,603,344
2% Reserve (General Provision for Loans & Receivables)	12	5,480,480,149	4,515,718,196
Contingency Reserve	12	112,819,312	103,159,538
Other Reserve	12	3,478,384,749	3,486,502,234
Retained Earning		4,823,392,914	6,818,298,665
Total equity		**73,931,541,545**	**69,146,690,574**
Liabilities			
Deposits from Customers	13	127,196,586,410	146,486,528,009
Other Liabilities	14	7,844,818,582	6,175,769,829
Payment Order		18,085,450	103,982,285
Provision for Income Tax		617,875,077	1,369,550,043
Total Liabilities		**135,677,365,519**	**154,135,830,166**
Total Liabilities and Equity		**209,608,907,064**	**223,282,520,740**
Acceptance Endorsement and Guarantee		2,895,263,072	2,906,128,072

See Accompanying Notes to Financial Statements
Authenticated by Directors;

Chief Executive Officer **Director** **Chairman**

Date: June 30 **, 2023.**

Source: First Private Bank Audited Financial Statement

Appendix (10) Statement of Comprehensive Income of First Private Bank

FIRST PRIVATE BANK PUBLIC COMPANY LIMITED
(Incorporated in the Republic of the Union Of Myanmar)
Statement of Comprehensive Income

	Notes	Year ended March 31, 2023 MMK	Period ended March 31, 2022 MMK
Interest income	15	12,785,757,446	8,557,785,589
Interest expenses	16	(6,216,277,164)	(3,196,892,199)
Net interest income		**6,569,480,282**	**5,360,893,390**
Fee and Commission income	17	353,475,407	162,941,416
Fee and Commission expenses	18	(543,739,313)	(195,652,080)
Net fees and commission income		**(190,263,906)**	**(32,710,664)**
Exchange Gain		**3,044,480,638**	**360,481,017**
Fx Revaluation Exchange Gain/(Loss)		**-**	**(6,607,490)**
Revenue		**9,423,697,014**	**5,682,056,253**
Other income (sale of assets)		524,483,747	22,366,672
Personnel expenses	19	(3,261,610,548)	(1,483,688,199)
Other expenses	20	(2,591,217,216)	(1,407,103,844)
Net profit (Before Tax)		**4,095,352,997**	**2,813,630,882**
Income Tax Expenses	21	(617,875,077)	(735,230,741)
Net profit for the period/ year		**3,477,477,920**	**2,078,400,141**
Other comprehensive income		**-**	**-**
Total comprehensive income		**3,477,477,920**	**2,078,400,141**
Earning Per Share		**117**	**841**

See Accompanying Notes to Financial Statements
Authenticated by Directors ;

Chief Executive Officer **Director** **Chairman**

Date: June 30 **, 2023.**

Source: First Private Bank Audited Financial Statement

Appendix (11) Interview Questionnaire

This interview questionnaire was intended to provide the supporting information on the study and all the information provided will be used strictly for academic purposes and will be kept confidential.

1 What is your position at your bank?
---

2 At which bank are you currently employed?
---

3 Is there asset-liability committee (ALCO) in your bank?
---

4 Are you a member of the ALCO or the ALCO support team?
---

5 How many committee members are there in the ALCO?
---

6 Which positions do the ALCO members hold in your bank?
---

7 How frequently does your bank conduct ALCO meeting?
---

8 What topics are mainly discussed in your bank's ALCO meetings?
---

9 Describe the short answer for your bank’s interest rate risk management. How does your bank measure and monitor interest rate risk?
---

10 Describe the short answer for your bank’s liquidity risk management. How does your bank manage liquidity risk?
---

11 Describe the short answer for your bank’s credit risk management. How does your bank manage credit risk?
---

12 Describe the short answer for your bank’s foreign exchange risk management. How does your bank manage foreign exchange risk?
---

13 Describe the short answer for your bank’s capital adequacy management. How does your bank manage capital adequacy?

Appendix (12) SPSS Output

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.920[a]	.847	.807	.2732446	2.256

a. Predictors: (Constant), SM, CA, EQ, ME, LQ, AQ

b. Dependent Variable: ROA

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.475	6	1.579	21.151	.000[b]
	Residual	1.717	23	.075		
	Total	11.193	29			

a. Dependent Variable: ROA

b. Predictors: (Constant), SM, CA, EQ, ME, LQ, AQ

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.291	.401		.724	.476		
	CA	.039	.008	.785	4.848	.000	.254	3.933
	AQ	-.004	.011	-.072	-.381	.707	.185	5.412
	ME	-.005	.003	-.232	-1.824	.081	.412	2.429
	EQ	.055	.014	.480	3.882	.001	.437	2.290
	LQ	-.005	.008	-.097	-.560	.581	.224	4.465
	SM	-.003	.014	-.030	-.184	.856	.242	4.131

a. Dependent Variable: ROA