

VisionFund
MYANMAR

ANNUAL

REPORT

2022

**COMMITMENT TO
RESILIENCE AND ADAPTATION**



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I. WHO WE ARE

1. VISIONFUND MYANMAR AT A GLANCE

- Started operations in 1998 as the microfinance program of World Vision
- Currently with 49 branches and 700+ employees

VisionFund Myanmar has a wide geographic footprint, covering 12 out of the 14 States and Regions of the country. With experience operating in fragile contexts as part of a global network of mission-focused microfinances, VisionFund Myanmar is uniquely positioned at the intersection of banks and non-profit organisations to offer both financial and non-financial services to underserved and conflict affected communities in the midst of ongoing and protracted humanitarian crises. Our goal is to help women, micro-entrepreneurs, migrants, rural farmers, and small businesses to sustain the livelihoods, grow their incomes, support food security, and create jobs and opportunities in their communities.



2. VISION, MISSION, AND CORE VALUES

Our Vision

Our vision for every child, life in all its fullness.
Our prayer for every heart, the will to make it so.

Our Mission

We believe in brighter futures for children.
Empowering families to create incomes and jobs.
Unlocking economic potential for communities to thrive.

Our Values

- We are Christian
- We are committed to the poor
- We value people
- We are stewards
- We are partners
- We are responsive



3. OUR GOVERNANCE

Board of Directors



LAUNCE MOSES
Board Member
Regional Head, Asia
VisionFund International



MICHAEL SPINGLER
Board Member
Chief Executive Officer
VisionFund Myanmar



CHRISTOPHER JOHN BRYAN
Board Member
Director/Trustee of Several Businesses
and Charitable Organisations



SOE KYAW KYAW
Board Member
Operations Director
World Vision International - Myanmar



DR SAW IVAN
Board Member
Member of Advisory Council
World Vision International - Myanmar



AUDE SCHONBACHLER
Board Member
Partner/Finance & Risk Domain
Oliver Wyman



CHRISTINE LEE
Board Member
Regional Operations Director, Asia
VisionFund International

Senior Executive Team in 2022

FRONT ROW

Michael Spingler, Chief Executive Officer (middle), Thandar Kyi, Senior Operations Manager (left), Mai Mya Mya Win, Chief Financial Officer (right)

BACK ROW (left to right)

Thet Htwe Hsu (IT Director), Robin Gautam (Internal Audit Manager), Lian Huai (People and Culture Director), Say Paw Htoo (Senior Underwriting Manager), Arkar Linn (Credit Recovery Manager), Nyein Nilar Myint (Senior Partnership Manager)



4. CEO'S REFLECTION

Following years of global pandemic and uncertainty, it has been the second year that Myanmar has faced significant turmoil, turbulence and challenges. While it is common for countries to experience a major event during a period, it is very unusual to be hit simultaneously by multiple crises that cause significant ripple effects related to the banking, economy and credit crisis.

Throughout the year, VisionFund Myanmar has remained committed to our mission and clients. Given the circumstances, it has been challenging to our staff and activities. We have looked within ourselves to determine best possible ways to effectively navigate the situation. This has meant some hard decisions, that our staff worked with faith and care to implement for VisionFund Myanmar to continue to reach our clients and strive for sustainability. Looking back on 2022, it is with great pride that I witnessed our staff persevere and remain resilient while they continued to reinforce our commitment to children, women and families. Their actions remind me of Galatians 6:9, "And let us not grow weary of doing good, for in due season we will reap, if we do not give up."

Despite the immense challenges faced by our business last year, VisionFund Myanmar provided over 125,000 clients (85% female) with loans valued at US\$33.4 million. In addition, to reinforce the food security of the country's critical demand, VisionFund Myanmar supported nearly 40,000 agriculture clients with US\$15 million in portfolio. As a result, over 190,000 children have benefited through our financial services.

We must remember that facing challenges is a natural part of growth in life and faith, and that the obstacles we overcome today will become the lessons that help us thrive in the future. At VisionFund Myanmar, we are committed to approaching the coming years with strength and resilience, building a sustainable business that can weather any storm. We are dedicated to expanding our financial services to benefit our clients and to support and empower our team. Above all, we remain committed to our goal of creating brighter futures for children. We make this commitment to our stakeholders, clients, partners, and team members alike.

Yours sincerely,



Michael Spingler

Chief Executive Officer
VisionFund Myanmar



II. WHAT WE ACHIEVED

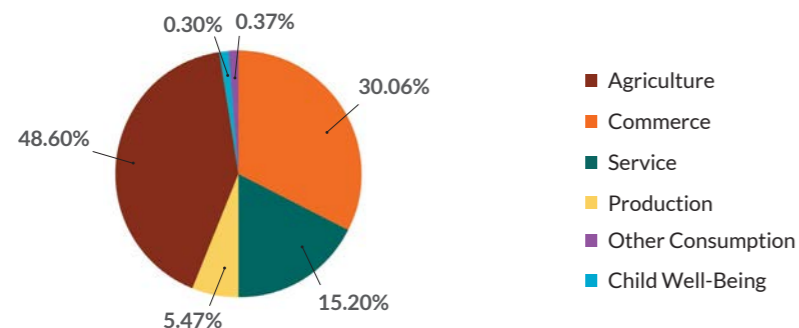
1. OUR YEAR IN REVIEW

Since the onset of the political crisis in February 2021, VisionFund Myanmar has disbursed **MMK 111 billion (over US\$52 million)** with a majority of the loans supporting agriculture and income-generating activities in underserved communities.

Key figures (as of September 2022)

Outstanding portfolio	\$27.5 million
Disbursements (October 2021 to September 2022)	\$33.4 million
Active borrowers	125,225
% Female borrowers	85%
% Rural borrowers	64%
Children impacted	192,720
People with disabilities	2,547
Living in conflict-affected areas	7,615
Internally displaced clients	2,913
New clients living on less than US\$2.5 per day	32%






Outstanding portfolio based on business sector (as of September 2022)



2. ADAPTING TO A DYNAMIC LANDSCAPE

Myanmar was on track to graduate from being the poorest country/least developed country in the world by 2025. This changed with the pandemic and worsened with the political crisis. According to the July 2022 Myanmar Economic Monitor by The World Bank, about 50 percent of the population is estimated to be living below the national poverty line, undoing a decade of progress in poverty reduction. As of September 2022, there were an estimated 1,312,000 internally displaced people (IDPs) across the country. The agri-food sector has been severely impacted, with huge implications for food and economic security. Therefore, access to agricultural credit and rural finance has become priority. In response to the current social and economic challenges, VisionFund Myanmar remains committed to provide accessible, dependable, convenient, relevant, and adaptive financial products and services.

3. STRATEGY AT A GLANCE

	Past MFI initiatives and Focus	New initiatives and Focus
 Markets	Urban, rural	<ul style="list-style-type: none"> 1. Fragile and vulnerable markets 2. Rural reach through digital channels
 Clients	Vulnerable + entrepreneurial poor	<ul style="list-style-type: none"> 1. Quality new lending 2. Existing clients in priority sectors 3. Clients below national poverty line
 Client Offer	Loans, Savings	<ul style="list-style-type: none"> 1. Enhance credit products 2. Cash transfers 3. Redefine client education
 Channel	F2F, Branch/centers	<ul style="list-style-type: none"> 1. Grow digital payments 2. Mobile marketing and banking services 3. Integrated client communications
 MFI	Management capacity, impact measurement, WV integration, paperless	<ul style="list-style-type: none"> 1. Staff health and safety 2. Restore portfolio quality 3. Towards cashless 4. Data driven decision making 5. WV integration and funding



4. CUSTOMER-FOCUSED COMMITMENT

VisionFund Myanmar has taken proactive steps to provide financial services to help clients navigate the challenging environment. These initiatives aim to ease the consequences faced by clients while guiding them through these tough times.

Code of conduct for collection practice - sets high standards for our staff, ensuring clients receive respectful and fair treatment. Staff commit to this code, and any breaches are handled through our disciplinary procedures. We prioritize clients' confidence in addressing their debts cooperatively. We don't tolerate debt avoidance or disruptions, and this code applies to all employees involved in loan repayment collection, reflecting our commitment to exceptional client service.

Recovery express loan - A product designed to help our portfolio at risk (PAR) clients restore their credit history and rebuild their trust and relationship with VisionFund Myanmar. With this loan, clients have the opportunity to get back on track and improve their financial standing. Once clients have successfully restored their credit history, they can be eligible for normal loan options that VisionFund Myanmar offers. The program has been currently piloted in five branches.

Top-up loans - A remote loan product designed for our excellent clients with a proven credit history and responsible financial behavior. With Top-up loan, clients can access additional funding before the end of their loan term, enabling them to rotate their business investments quickly and accelerate their business growth. This product is perfect for clients who are looking to expand their business operations or invest in new opportunities. As of September 2022, the Top-up loan program had 266 clients with a combined portfolio of over MMK 257 million (US\$122,400).

Centralized loan approval approach - This approach involves utilizing the expertise of the underwriting team to assess the creditworthiness of loan applicants and ensure that loans are of high quality. It helps to streamline the loan approval process and ensures that loans are granted based on a thorough assessment of the borrower's ability to repay the loan. This means that clients can have greater confidence in the loans they receive, as they are more likely to be able to afford the loan and repay it on time.

Client education - To empower clients with digital and financial knowledge, in partnership with ThitsaWorks, the Digital and Financial Literacy Program was delivered in 10 branches as a six-month pilot initiative in April 2022. The program sought to empower clients through financial and digital knowledge, access and use digital financial services, and ability to plan and make better financial decisions. Ultimately, the program is designed to improve clients' financial well-being and help the operational efficiency of the organisation's digital transformation.

In August 2022, VisionFund Myanmar launched its first mobile app for client education in partnership with Monkiri, an e-learning platform focused on improving financial literacy and inclusion. The aim is to provide clients with a free and interactive way to learn at their own pace. Modules include topics about borrowing wisely, saving for the future, budgeting, using mobile wallet, women's economic empowerment, and business model canvas among others.

SMS confirmation - VisionFund Myanmar has implemented SMS confirmation for clients to increase transparency and operational efficiency in loan disbursement and repayment. Through the timely information provided via SMS, clients can stay informed about their loan status, which helps reduce fraud risk and promote trust between the organisation and its clients. The SMS confirmation process also provides proof of payment, reducing the likelihood of disputes, and improves customer service by providing regular updates without requiring clients to visit the office.

Clients who participated in the monthly temperature check survey conducted on September 2022 were very satisfied with VisionFund Myanmar products and services. Ninety-eight percent (98%) of clients responded that they did not have any challenges with VisionFund Myanmar and of those who expressed challenges, 98% of respondents were very satisfied with our response.

The Healthcare Hero of Hmawbi Township

"The loans from VisionFund let me stock the necessary medicines and supplies before the prices in the market went up. And, my pharmacy continued to serve nearly 100 people per day during the crisis time, even as other pharmacies closed due to lack of medicines." **Phyu Phyu**

Accessibility of finance services supports not only economic opportunities but also access to health care for vulnerable people. A middle-aged wife, a mother of three children, a licensed nurse, and a client of VisionFund, Phyu Phyu, has proved this by wisely utilizing SGB loans during the pandemic in Myanmar. [Click here](#) to learn how Phyu Phyu has been resilient through challenges for her community to be able to access the health care during pandemic.



5. OUR IMPACT

VisionFund Myanmar's financial services have an impact on systemic poverty by providing access to finance to different groups and communities. VisionFund Myanmar conducted the standardized impact survey in May 2022; 375 clients from five states and six regions participated. This survey shows the following insightful change of clients because of the lending from VisionFund Myanmar during uncertain time.

Empowering Financial Change

- 62% Experienced slight income improvement
- 29% Reported significant income enhancement
- 61% Slightly improved financial control
- 32% Significantly enhanced financial control

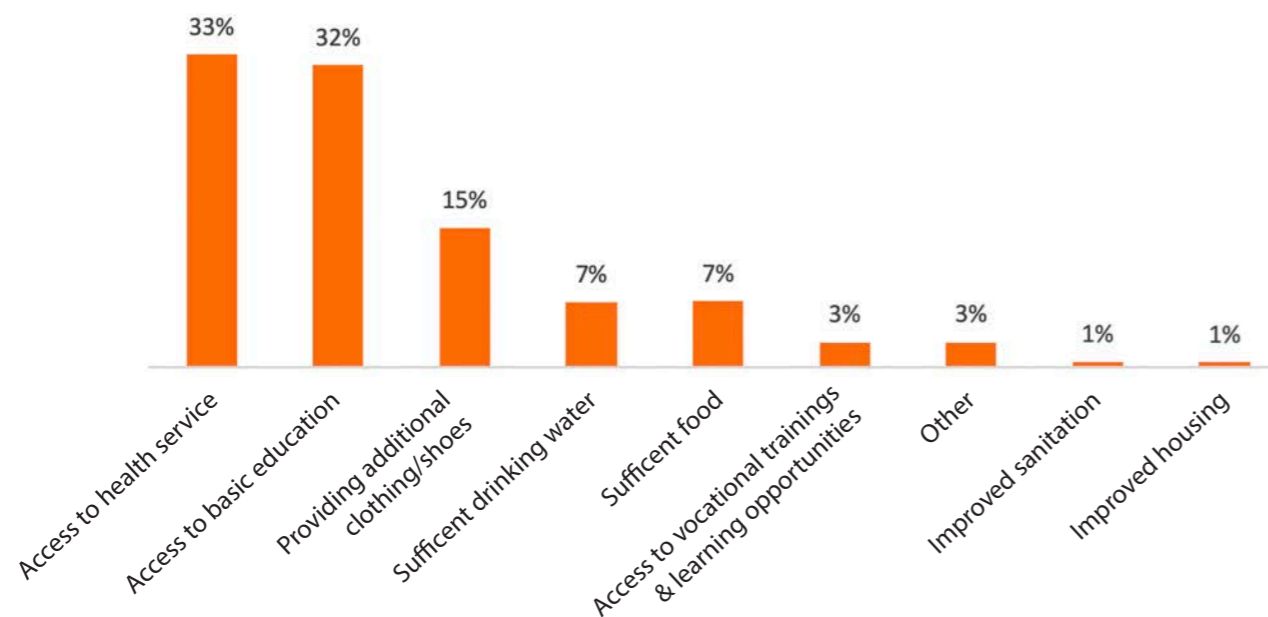
Overcoming Poverty Challenge

- 8 out of 100 clients live below \$3.20 per day
- 35 out of 100 clients earned less than \$5.50 per day
- 8% of clients were under national poverty line
- 58% of clients experienced a decline in poverty likelihood
- Majority of these clients saw a remarkable 39.1% to 56.7% reduction in their poverty likelihoods

Impact on Child Well-being Outcomes

- Over 190,000 children impacted through VisionFund Myanmar's financial services
- 95% of clients reported positive effects on their children's well-being
- Top three child well-being outcomes:
 1. Access to health service improved 33%
 2. Access to basic education enhanced 32%
 3. Provision of additional clothing/shoes supported 15%

Child Well-being Outcomes in 2022



III. WHY WE SUCCEEDED

1. ORGANISATION CAPACITY

VisionFund Myanmar is uniquely positioned to respond to the current crisis. While many banks and NGOs have struggled to operate since February 2021, VisionFund Myanmar continues to operate at the intersection of the formal finance sector and the humanitarian space, which makes us one of the few financial service providers to communities most affected by the crises.

VisionFund Myanmar has a capable and dedicated team of over 700 staff (female 54%) in Myanmar and has key specialists in product development, grant management, social performance, risk management, client education as well as experienced operation managers.

As part of VisionFund International's global network, VisionFund Myanmar benefits from technical backstopping and grant management support, monitoring, oversight and a global set of standards from regional and global experts. It is also a founding member of Myanmar's Microfinance Working Group, an active member of Myanmar's National Financial Literacy Council, and a signatory of the SMART Campaign that advocates for a high standard of care that clients should expect to receive when doing business with a financial service provider.

Continuing our investment in staff capacity building, VisionFund Myanmar has enabled all employees to learn and access professional development trainings in a flexible and convenient learning environment through VisionFund Myanmar e-learning and other online platforms.

2. DIGITAL CAPACITY

Through digitisation, VisionFund Myanmar has improved client satisfaction and reduced operational costs, ultimately allowing it to make a larger contribution to financial inclusion in Myanmar. Some key digital initiatives that VisionFund Myanmar has recently delivered or participated in include:

- Equipped all field staff with mobile devices and applications to reduce inefficiencies in the loan origination process and enable clients to receive their loans faster.
- Partnered with various digital financial service providers allowing clients to make repayments through mobile money, making the repayment process more convenient and safe for clients.
- Partnered with MCIX to be the first MFI in Myanmar to integrate automated loan affordability checks in its loan processing system, reducing the likelihood of contributing to client over-indebtedness.
- Championed the development of an interoperable payment platform for MFIs, through its membership on the WynePay Scheme Council. VisionFund Myanmar was the first institution in Myanmar to successfully process a live payment on WynePay as part of the initial test phase conducted between September 2021 and March 2022. VisionFund Myanmar played a key role in gathering support from other institutions and building the momentum of WynePay, which now has over 31 committed organisations. VisionFund Myanmar also chairs the Electronic Cash Transfers Technical Working Group (ECT TWG) which provides expert and industry advice on key aspects of developing, testing, and launching the Electronic Cash Transfers use case on the WynePay platform.



3. INSIGHT INTO MARKET

VisionFund Myanmar established a Client Service Center to offer better customer services, to understand the insight of clients, and to assess its impact on the community by conducting impact surveys and market research. VisionFund Myanmar partners with organisations to understand the behaviors and challenges of vulnerable communities in Myanmar amidst the pandemic and political crisis, conducting impact surveys on microfinance services, with support from 60Decibels, Mercy Corps, LIFT, and World Vision.

As of 2022, the impact surveys and market research that VisionFund Myanmar has carried out are as follow:

1. Monthly Poverty Probability Index Survey
2. Semi-Annual Standardized Client Impact Survey
3. Monthly Child Well-Being Outcomes Survey
4. Monthly Temperature Check Survey
5. Lean Data Study for VisionFund Myanmar (60 Decibels Report)
6. Impact of Covid-19 Crisis on Small Growing Business Clients
7. Impact of the Early Waves of COVID-19 on the Microfinance Clients in Rakhine State
8. Randomized Controlled Trial Impact Evaluation in Microfinance Sector Myanmar
9. End-line Project Evaluation on Catalysing Growth in Small and Growing Business Project

91% of our clients used their loan to grow their business

*"I make more investment in my farm business with the loan from VisionFund and am now getting more income."*¹

77% of our clients said their quality of life improved

*"More investment in business so that I can have more income and better family relationship."*²

58% of our clients have declined from their poverty likelihoods

*Khin, a mother of two children from Einme, saw a remarkable poverty reduction from 78% to 18% after three loans from VisionFund Myanmar. Her expanded business now supports her children's education.*³



¹Lean Data Study for VisionFund Myanmar (60 Decibels Report)

²Lean Data Study for VisionFund Myanmar (60 Decibels Report)

³Semi-Annual Standardized Client Impact Survey – May 2022

4. OUR PARTNERS

During the 2022 fiscal year, VisionFund Myanmar had a track record for high quality implementation of donor funded projects, including two Livelihood and Food Security Trust Fund (LIFT) funded projects with a total contract value of US\$6.75 million. VisionFund Myanmar completed the implementation of the Helvetas funded Gulf of Mottama Project Phase 2 as well as the Small and Growing Business project funded by the Department of Foreign Affairs and Trade (DFAT) of Australia. VisionFund Myanmar continues to work in long-term development programs across the country including the value chain development project funded by the Ministry of Foreign Affairs and Trade (MFAT) New Zealand. VisionFund Myanmar also partners with World Vision Support Offices to deliver financial services across the country. As of September 2022, VisionFund Myanmar has been maintaining good relationships with nine local and international lenders.



IV. FINANCIAL PERFORMANCE OVERVIEW

VISIONFUND MYANMAR COMPANY LIMITED STATEMENT OF FINANCIAL POSITION AS OF MARCH 2022

Currency - Myanmar Kyats (MMK)

	Note	March 31,2022	September 30,2021
ASSETS			
Current assets			
Cash and cash equivalents	6	31,750,333,530	27,511,543,078
Net loan portfolio	7	66,373,525,746	79,540,102,026
Other current assets	8	4,847,281,951	8,321,060,332
Total current assets		102,971,141,227	115,372,705,436
Non-current assets			
Property and equipment	9	882,189,940	1,090,836,697
Total non-current assets		882,189,940	1,090,836,697
TOTAL ASSETS		103,853,331,167	116,463,542,133
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities			
Other client liabilities	10	10,101,221,299	10,684,955,819
Other liabilities	11	6,195,765,982	8,531,839,462
Deferred revenue from fund	12		22,447,406
Short-term loan	13	35,739,122,936	31,962,312,579
		52,036,110,217	51,201,555,266
Non-current liabilities			
Employee benefits		1,239,593,384	1,500,725,674
Long-term loan	14	23,448,934,731	31,098,523,699
		24,688,528,115	32,599,249,373
Total liabilities		76,724,638,332	83,800,804,639
EQUITY			
Issued and paid-up share capital	15	27,141,250,000	27,141,250,000
Advance share capital	16	7,000,995,000	5,422,281,000
Reserve		1,096,081,020	1,096,081,020
Retained earning		(8,109,633,185)	(996,874,526)
Total Equity		27,128,692,835	32,662,737,494
TOTAL LIABILITIES AND EQUITY		103,853,331,167	116,463,542,133

Financial statements from the previous year only cover a six-month period from 1 October 2021 to 31 March 2022 due to Myanmar changing to a new financial year starting 1 April 2022.



VISIONFUND MYANMAR COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2022

Currency - Myanmar Kyats (MMK)

	Note	October 1,2021 to March 31,2022	October 1,2020 to September 30,2021
REVENUE			
Interest income	17	5,554,775,521	18,983,905,068
Interest expense	18	(5,641,216,011)	(12,606,482,097)
Net interest income		(86,440,490)	6,377,422,971
Fee and commission income on loan		398,090,485	1,363,175,566
Other financial revenue		(21,157,814)	15,852,470
Other Income	19		16,869,000
Other income - Donation fund	12	22,447,406	1,908,765,210
Total income		312,939,587	9,682,085,217
Other gains/(losses)	20	(851,625,690)	(137,539,257)
Provision for loan losses	21	136,723,820	42,826,956
Total financial revenue		(401,962,283)	9,587,372,916
EXPENSES			
Operating leases		340,806,595	683,301,052
Operation fee on VFI	26	647,734,179	1,336,974,356
Depreciation expense		275,251,611	616,093,050
Personnel expense	22	4,587,837,656	9,045,681,343
General and administrative expense	23	588,798,654	1,273,187,738
Other expenses	24	394,808,312	423,419,835
Total operating expenses		(6,835,237,007)	(13,378,657,374)
Profit/(loss) before tax		(7,237,199,290)	(3,791,284,458)
Income tax expense	25	124,440,631	(10,003,013)
Profit/(loss) for the period		(7,112,758,659)	(3,801,287,471)
Other comprehensive income			
Revaluation reserve			
Total comprehensive income for the year		(7,112,758,659)	(3,801,287,471)

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VISIONFUND MYANMAR COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31 2022

Currency - Myanmar Kyats (MMK)

	Note	October 1,2021 to March 31,2022	October 1,2020 to September 30,2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit/ (loss) for the year		(7,237,199,290)	(3,791,284,458)
Adjustments for non-cash items:			
Depreciation		275,251,611	616,093,050
Write off on fixed assets		3,425,249	4,184,698
Loan loss provision		(136,723,820)	(42,826,956)
Operating profit before working capital changes		(7,095,246,250)	(3,213,833,666)
Changes in current assets and current liabilities:			
(Increase)/ decrease in net loan portfolio		13,303,300,100	17,684,454,300
(Increase)/decrease in other current assets		3,473,778,381	(3,110,512,058)
Increase/(decrease) in other client liabilities		(583,734,520)	(3,368,297,568)
Increase/(decrease) in other liabilities		(2,336,073,480)	3,349,703,151
Cash generated from operations		6,762,024,231	11,341,514,159
Advance Tax paid		-	(574,030,019)
Tax credit for assessment year		124,440,631	83,177,720
Net cash used in operating activities		6,886,464,862	10,850,661,860
CASH FLOWS FROM INVESTING ACTIVITIES			
Transferred of property and equipment			
Additions to property and equipment		(70,030,103)	(276,486,794)
Contributions to employee benefits		(261,132,290)	354,763,858
Net cash used in investing activities		(331,162,393)	78,277,064
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	4,477,328,000
Additional/decrease advanced share capital		1,578,714,000	647,001,000
Increase/(decrease) in short - term loan		3,776,810,357	(2,655,307,143)
Proceeds from long - term loan		(7,649,588,968)	1,832,274,671
Proceeds from Deferred revenue from fund		(22,447,406)	(689,462,254)
Net cash provided by financing activities		(2,316,512,017)	3,611,834,274
Net increase in cash and cash equivalents		4,238,790,452	14,540,773,198
Cash and cash equivalents at beginning of year		27,511,543,078	12,970,769,880
Cash and cash equivalents at end of year	6	31,750,333,530	27,511,543,078

Financial statements from the previous year only cover a six-month period from 1 October 2021 to 31 March 2022 due to Myanmar changing to a new financial year starting 1 April 2022.



Building Brighter Futures for Children



VisionFund
MYANMAR



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