

FIRSTPRIVATE BANK LIMITED

FINANCIAL STATEMENTS:

BALANCE SHEET AS AT SEPTEMBER 30, 2019

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

REPORT OF THE INDEPENDENT AUDITOR

STATEMENT OF INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2019

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CASH FLOWS

NOTES TO THE FINANCIAL STATEMENTS

PERIOD:

YEAR ENDED SEPTEMBER 30, 2019

INDEPENDENT AUDITOR'S REPORT

To The Members of

FIRST PRIVATE BANK LIMITED

Opinion

We have audited the accompanying financial statements of First Privat Bank Limited (the Bank), which comprise the Statement of Financial Position as at September 30, 2019 and Statement of Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Subject to the letter to management to the board of directors, in our opinion, the accompanying financial statements give a true and fair view of the financial position of the bank as at 30th September 2019, and its performance and its cash flows for the year then ended, in accordance with Myanmar Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with Myanmar Standards on Auditing (MSAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Financial statements section of our report. We are independent of the Bank in accordance with ethical requirements that are relevant to our audit of the financial statements in Myanmar, and we have fulfilled our other ethical responsibilities in accordance with these requirements, We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the content of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other Information

Management is responsible for the other information. The other information comprises the Directors' statement, but does not include the financial statements and the auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Management's Responsibilities and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statement in accordance with Myanmar Financial Reporting Standards (MFRSs) and the provision of the Myanmar Companies Law. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Bank's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

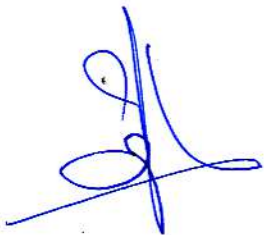
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with MSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statement. As part of an audit in accordance with MSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

In accordance with Myanmar companies Law, We report that;

- (i) We have obtained all the information and explanations we have required
- (ii) The books and records required by the Law to be kept by the bank , have been maintained in accordance with Myanmar Companies Law.

Also in accordance with Section 89(A) of the Financial Institution Law, we report that the financial statements of the bank adequately reflect the financial position of the bank and its solvency.



Date: 2019 October

U Sein Win
Certified Public Accountant
C.P.A Registration. No. 495



ပထမ ပုဂ္ဂလိက ဘဏ် လီမိတက်
FIRST PRIVATE BANK LIMITED

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fpbbank@myanmar.com.mm

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

FOR FIRST PRIVATE BANK LIMITED

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Myanmar Companies Law requires the Directors to prepare financial statements for each financial year. The Directors are required to prepare the financial statements in accordance with Myanmar Financial Reporting Standards (MFRS). In preparing the financial statements, the Directors have also elected to comply with MFRS, as issued by the Myanmar Accountancy Council (MAC).

In preparing those financial statements, the Directors are required to select suitable accounting policies and then apply them consistently, make judgements and accounting estimates that are reasonable and prudent, state that financial statements comply with MFRS as issued by the MAC, and subject to any material departures disclosed and explained in the financial statements, prepare the financial statements on a going concern basis.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the bank's transactions and disclose with reasonable accuracy at any time the financial position of the bank and to enable them to ensure that the bank financial statements comply with the Myanmar Companies Law. They are also responsible for safeguarding the assets of the bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the current Directors confirms that, to the best of his or her knowledge;

- the financial statements, which have been prepared in accordance with MFRS give a true and fair view of the assets, liabilities, financial position and result of the bank
- the accompanying financial statements are complete and correct and have been authenticated in accordance with Myanmar Companies Law
- so far as he or she is aware, there is no relevant audit information of which the bank's auditors are unaware; and
- He or she has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the bank's auditors are aware of that information.
- This confirmation is given and should be interpreted in accordance with the Myanmar Companies Law.

Going concern basis

The Directors have a reasonable expectation that the bank has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Annual Report

The annual report for year ended 30th September 2019, comprising the financial statements and additional information for investors, has been approved by the Board of Directors and signed on its behalf by.

On behalf of the Board of Directors,



Director



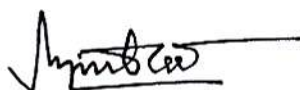
Director

First Private Bank Limited
(Incorporated in the Republic of the Union of Myanmar)
Statement of Financial Positions as at 30 September 2019

	Notes	2019 12 Months MMK	2018 6 Months MMK
Assets			
Cash & cash equivalents	4	51,639,176,625	39,449,282,776
Loans and receivables	5	179,397,787,349	180,421,251,962
Prepaid and other receivables	7	6,894,859,383	4,755,302,208
Inventories		31,511,338	31,600,791
Investments	6	24,701,300,000	31,702,300,000
Property and equipment	8	10,792,174,553	10,759,328,171
Advanced Tax		1,100,000,001	2,180,217,385
Acceptance, Endorsement & Guarantee		9,595,011,819	378,742,400
Total Assets		284,151,821,068	269,678,025,693
Authorized Capital		100,000,000,000	100,000,000,000
Paid up capital	9	24,720,530,000	24,720,530,000
Share Premium		11,845,878,597	11,845,878,597
Equity			
Statutory reserve	10	15,695,198,470	14,146,283,649
2% reserve (general provision for loans & receivables)	10	3,608,425,039	3,608,425,039
Contingency reserve	10	102,563,538	101,697,990
Other reserve	10	8,117,485	8,117,485
Retained Earning		6,528,489,076	1,881,744,614
Total Equity		62,509,202,205	56,312,677,374
Liabilities			
Deposits from customers	11	205,519,354,418	204,122,972,830
Other liabilities	12	4,936,702,791	6,596,005,630
Payment Order		42,635,014	67,777,417
Provision for income tax		1,548,914,821	2,199,850,042
Acceptance, Endorsement & Guarantee		9,595,011,819	378,742,400
Total liabilities		221,642,618,863	213,365,348,319
Total Liabilities and Equity		284,151,821,068	269,678,025,693

See Accompanying Notes to Financial Statements

Authenticated by Directors ;



Chief Executive Officer



General Manager



Director/Chairman



Director



Director

First Private Bank Limited

(Incorporated in the Republic of the Union of Myanmar)

Statement of Comprehensive Income for the year ended 30 September 2019

	Notes	2019 12 Months	2018 6 Months
Interest income	13	21,023,347,899	10,280,589,264
Other Interest income			
Deposit with other banks		40,463,204	89
Securities (Government Bond)		1,947,500,000	1,056,092,906
Deposit Auction		112,139,726	-
Interest expenses	14	(14,821,024,103)	(7,905,612,355)
Net interest income		8,302,426,726	3,431,069,904
Fees and Commission income	15	2,566,127,876	1,180,805,265
Fees and Commission expenses	17	(424,468,636)	(385,619,293)
Net fees and commission income		2,141,659,240	795,185,972
Exchange Gain		538,727,269	349,385,045
Revenue		10,982,813,235	4,575,640,921
Other income (sale of assets)		6,798,624	-
Personal expenses	16	(2,030,688,115)	(995,414,282)
Other expenses	18	(1,214,349,640)	(382,063,354)
Net profit (Before Tax)		7,744,574,104	3,198,163,285
Provision of income tax		(1,548,914,821)	(639,632,657)
Net profit for the year		6,195,659,283	2,558,530,628
Other comprehensive income		-	-
Total comprehensive income		6,195,659,283	2,558,530,628

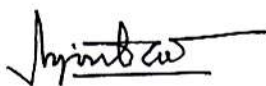
Earning Per Share

2,506

737

See Accompanying Notes to Financial Statements

Authenticated by Directors;



Chief Executive Officer



General Manager



Director/Chairman



Director



Director

First Private Bank Limited

(Incorporated in the Republic of the Union of Myanmar)

Statement of Changes in Equity for the year ended 30 September 2019

	Issued & paid up capital	Share premium	Statutory Reserve	General provision for loans & receivables	Other Reserve	Contingency Reserve	Reserve for dividend	Retained Earnings	Total
Balances as of 31.3.2018	24,720,530,000	11,845,878,597	13,506,650,992	3,512,038,402	8,117,485	101,697,990	4,327,576,006	643,155,798	58,665,645,270
Changes during the year									
- Share issued during the year									-
- Share premium									-
- Transferred to reserved			639,632,657	96,386,637				(736,019,294)	-
- Reserve for dividend							(4,327,576,006)	(616,529,994)	(4,944,106,000)
- Transferred to dividend payable							(4,327,576,006)	(616,529,994)	(4,944,106,000)
- Adjustment during the year								32,607,476	32,607,476
- Profit/(loss) during the year								2,558,530,628	2,558,530,628
Balances as of 30.9.2018	24,720,530,000	11,845,878,597	14,146,283,649	3,608,425,039	8,117,485	101,697,990	-	1,881,744,614	56,312,677,374
Balances as of 30.9.2018	24,720,530,000	11,845,878,597	14,146,283,649	3,608,425,039	8,117,485	101,697,990	-	1,881,744,614	56,312,677,374
Changes during the year									
- Share issued during the year									-
- Share premium									-
- Transferred to reserved			1,548,914,821			865,548		(1,548,914,821)	1,549,780,369
- Transferred to dividend payable									-
- Adjustment during the year									-
- Profit/(loss) during the year								6,195,659,283	6,195,659,283
Balances as of 30.9.2019	24,720,530,000	11,845,878,597	15,695,198,470	3,608,425,039	8,117,485	102,563,538	-	6,528,489,076	62,509,202,205


Director/Chairman


Director


Director


Chief Executive Officer


General Manager

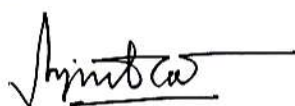
First Private Bank Limited

(Incorporated in the Republic of the Union of Myanmar)

Statement of Cash Flows for the year ended 30 September 2019

	2019 12 Months (MMK in thousand)	2018 6 Months (MMK in thousand)
Interest income	25,768,010	12,013,825
Interest expense	(15,800,816)	(7,300,128)
Cash payment to employee & other	(3,067,591)	(1,679,742)
	6,899,603	3,033,955
(Increase)/decrease in loan and receivables	1,023,465	(4,819,332)
(Increase)/decrease in other assets	(443,067)	(36,484)
Increase/(decrease) in deposits	1,396,382	18,965,191
Increase/(decrease) other liabilities	(1,932,223)	1,934,611
Cash generated from operation	6,944,160	19,077,941
Income -tax paid	(1,119,632)	(630,217)
Net cash Provided by /(used in) operating activities	5,824,528	18,447,724
Cash flow from investing activities		
Investment in government securities bond	-	2,500,000
Investment in CBM-Deposit Auction	7,001,000	(11,000,000)
Purchase of property and equipment	(638,083)	(227,813)
Proceeds from sale of property and equipment	10,120	-
Net cash used in investing activities	6,373,037	(8,727,813)
Cash flow from financing activities		
Issued share capital	-	-
Share premium	-	-
Dividend paid	(7,671)	(4,908,176)
Proceed from bonus shares issued	-	-
Borrowing Repayment	-	(1,000,000)
Net cash used in financing activities	(7,671)	(5,908,176)
Net increase / (decrease) in cash in hand and at bank	12,189,894	3,811,735
Cash in hand and at bank at 1 April	39,449,283	35,637,548
Cash in hand and at bank at 30 September	51,639,177	39,449,283

Authenticated by directors;



Chief Executive Officer



General Manager



Director/Chairman



Director



Director

(Incorporated in the Republic of the Union of Myanmar)

Notes to the financial statement

1. General

First Private Bank Limited (the Bank) is a public company limited incorporated and domiciled in Myanmar and has its registered office at No. (619/621), corner of Merchant & Bosunpat street, Pabedan Township, Yangon. The Directorate of Investment and Company Administration (DICA) has issued incorporation certificate to First Private Bank Limited on September 9, 1991 as per Registration No. 223/1991-1992 under The Myanmar Companies Act. The Bank was permitted to carry out banking business under License No. MaVaBa / P - 1 / (5) 1992 issued by the Central Bank of Myanmar (CBM) on 25.5.1992. The principal activities of the Bank are to carry out the domestic remittance business and other financial services subject to the approval of the CBM.

The bank has successfully listed on Yangon Stock Exchange (YSX Code 00004) on 20th January 2017. On 1st June 2017, the bank entered into private-public partnership agreement with Myanmar Post Office to engage mobile payment services for its customers via post office networks.

2. Summary of significant accounting policies

(a) Accounting Period

The accounting year is from 1 October 2018 to 30 September 2019, the mandatory income year end under the Myanmar Income Tax Law.

(b) Changes in accounting period

According to the notification issued by the Ministry of Planning and Finance, the financial year shall be changed from 1st April - 31st March to 1st October - 30th September. In the presentation of Financial Statements, the Statement of Comprehensive Income and Statement of Cash Flow shall be presented in comparative for the six months ended 30 September 2018 and for the year ended 30 September 2019.

(c) Opening Balances

Opening Balances as at 1 October 2018 are carried forward from the financial statements for the year ended 30 September 2018, audited by Sein Win & Associates.

(d) Basis of Preparation

The accompanying financial statements have been prepared in accordance with Myanmar Financial Reporting Standards (MFRS) and guidance provided by the Central Bank of Myanmar.

(e) Functional & Foreign currency transactions

(i) The accompanying financial statements are presented in Myanmar Kyats (MMK), which is the Reporting Standards (MFRS) and guidance provided by the Central Bank of Myanmar.

(ii) Transactions and balances

Foreign currency transactions are translated into Myanmar Kyats using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

(f) Interest Income and expenses

Interest income and expense for all interest-bearing financial instruments are recognised within 'Interest Income' and 'Interest expense' in the income statement using the effective interest method.

(g) Fees and commission income

Fees and commission income are generally recognized on an accrual basis when the service has been provided.

(h) Property and equipment

All property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is computed under the straight-line method over the estimated useful lives of these assets other than freehold land which is not depreciated. Details of depreciation rates are as follows:

Building	1.25%
Motor Vehicle	12.50%
Office equipment	6.25%-10.00%
Furniture & Fixture	5.00%-6.25%
Computer	20.00%

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Property, and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the impairment loss is recognized in the income statement.

Gains and losses on disposal of property and equipment are the difference between the disposal proceeds and its carrying amount and are recognized in the income statement as a separate line item. Repairs and replacements are charged to the income statement during the financial period in which they are incurred.

(i) Cash and cash equivalents

Cash and cash equivalents comprises of cash in hand, cash with the Central Bank of Myanmar, state banks and other banks.

(j) Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events. It is more likely than not that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(k) Income tax

All tax expenses are current taxes and recognized in the income statement. Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date. Since First Private Bank Limited is one of the listed companies on Yangon Stock Exchange, the bank is entitled to receive tax benefit of 20% corporate income tax in accordance with Ministry of Planning and Finance notification number 76/2017.

(l) Financial assets and financial liabilities

Recognition and derecognition

The Bank initially recognizes all financial assets and financial liabilities, including regular way of purchases and sales of financial assets, on the date that they are originated i.e. the trade date the date on which the Bank commits to purchase or sell the assets. The Bank removes financial assets from its statement of financial position when its contractual rights to the asset's cash flows expire; when it has transferred the asset and substantially all the risks and rewards of ownership; or when it has transferred the asset, and has retained some substantial risks and reward of ownership; but the other party may sell the assets. The risks and rewards retained are recognized as an assets. The bank removes a financial liability from its statement of financial position when its obligation is extinguished.

Measurement

A financial asset or financial liability is measured initially at fair value. Subsequent measurement depends on the category of financial instrument. Some categories are measured at amortised cost, and some at fair value.

Classifications

- (i) **Loan and receivables**
Loan and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- (ii) **Held-to-maturity financial assets**
Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the bank's management has the positive intention and ability to hold to maturity.
- (iii) **Available-for-sale financial assets**
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Gains and losses are recognized in the income statement upon disposal.

Impairment of financial assets

The bank reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the income statement. When there is an impairment loss occurred, the bank recognizes impairment loss in compliance with central bank's notification number 17/2017.

3. Financial risk management

The Bank's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Bank's business while managing its risks. The main areas of financial risks faced by the Bank and the policy in respect of the major areas of treasury activity are set out as follows:

- (a) **Foreign exchange risk**
Foreign currency risk arises from the exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Bank does not have any significant transactions relating to assets or liabilities which are denominated in foreign currencies. Hence, the Bank does not have any exposure to foreign exchange risk. FPB calculates realized gain/loss due to actual FE transaction as well as unrealized gain/loss at the time of account closing "closing amount" (outstanding FE balance at the end of financial year). In accordance with Central Bank's Instruction number FEMD 2/2013-14, net open position of the bank as of 30.9.2019 in comparison with prior year is illustrated as follows.

Net Open Position (NOP) of the bank as of 30 September 2018 (MMK in million)

Currencies	USD	EURO	SGD	Other Currencies	Total
Assets	8908.42	1443.76	224.63	-	10576.81
Liabilities	5178.18	981.49	0.53	-	6161.2
Net open position(NOP)	3730.2	462.27	224.1	-	4416.61
NOP as % of Tire 1 Capital	7.09%	0.88%	0.42%	-	8.4%

Currencies	USD	EURO	SGD	Other Currencies	Total
Assets	16434.6	1696.44	220.64	-	18,351.68
Liabilities	13752.41	781.52	0.62	-	14,534.55
Net open position(NOP)	2682.2	914.92	220.02	-	3,817.14
NOP as % of Tire 1 Capital	4.56%	1.56%	0.37%	-	6.49%

(b) Interest rate risk

The Bank is exposed to interest rate risk through the impact of rate change on the deposit from customers with fixed interest rate which affect the interest income and interest expense.

(c) Credit risk

Credit risk arises primarily from lending activities and represents the major risk of the Bank. The Board of Directors of the Bank approves major policies and limits that govern monitoring of the credit risk.

Central Bank's notification number 17/2017

Central Bank's notification number 17/2017

Classification of loans & advances	Days past due	Provision on shortfall in security value		Days past due	Provision on shortfall in security value	
Standard	30	0%		Substandard	6-12 months	Nil
Watch	31 to 60	5%				
Substandard	61 to 90	25%		Doubtful	12-24 months	50%
Doubtful	91 to 180	50%				
Loss	Over 180	100%		Bad	more than 24	100%

(MMK in million)	<u>30.9.2019</u>			<u>30.9.2018</u>		
	Loans & advances			Loans & advances		
Classification of debt	NPL Loans & advances	Interest in suspense	Valuation of security	NPL Loans & advances	Interest in suspense	Valuation of security
Substandard						
Doubtful	2,060.00	51.63	9,523.00	694.54	26.00	1,075.00
Bad	6,547.11	1,977.68	13,069.00	5,773.57	884.54	10,942.00
	8,607.11	2,029.31	22,592.00	6,468.11	910.54	12,017.00
Total NPL ratio =	<u>10,636.42</u>	= 5.93%		<u>7,378.65</u>	= 4.09%	
	179,397.79			180,421.25		

NPL - Non-performing Loan

When the bank determines that an impairment loss should be recognized, it applies the minimum requirement under the Central bank notification. During FY October 2018 to September 2019, there was no shortfall in security value, hence, the bank didn't any impairment loss.

(d) Liquidity and cash flows risk

The Bank monitors and maintains a level of bank balances deemed adequate by the directors to finance the operation and mitigate the effects of fluctuation in cash flows.

The Bank's liquidity ratios as of September 30, 2019 is 33.85% which is more than 20% fixed by the Central Bank of Myanmar as per its instruction No.19/2017.

(e) Market risk

The bank has no exposure to any market risk.

(f) Compliance risk

Compliance risk arises from a failure or inability to comply with the laws, regulations or codes applicable to the financial services industry. Non-compliance can lead to fines, public reprimands, and enforced suspension of operations or, in extreme cases, withdrawal of authorization to operate.

(g) Operational risk

Operational risk, which is inherent in all business activities, is the potential for financial loss, and business instability arising from failures in internal controls, operational processes or the system that support them. The goal of operational risk management is to balance cost and risk within the constraints of the risk appetite of the Bank and to be consistent with the prudent management required of a large financial organization.

It is recognized that such risks can never be entirely eliminated and that the cost of controls in minimizing these risks may outweigh the potential benefits. Accordingly, the Bank continues to invest in risk management and mitigation such as business continuity management and incident management. In reinforcement of the implementation of the Bank's risk strategy, independent checks on risk issues are undertaken by the internal audit function.

(h) Legal risk

Legal risk is the risk that the business activities of the Bank have with unintended or unexpected legal consequences. It includes risk arising from:

- (i) Inadequate documentation, legal or regulatory incapacity, insufficient authority of a counterparty and uncertainty about the validity or enforceability of a contract in counterparty insolvency;
- (ii) Actual or potential violations of law or regulation (including activity unauthorized for a bank and which may attract a civil or criminal fine or penalty);
- (iii) Failure to protect the Bank's property;
- (iv) The possibility of civil claims (including acts or other events which may lead to litigation or other disputes)

(i) Tax risk

Loss or increased charges associated with changes or errors in the Interpretation of, taxation rates or law.

	30.9.2019	30.9.2018
4. Cash & cash equivalents		
	Combined kyat	Combined kyat
Cash in hand	19,524,454,456	20,312,059,013
Cash at Central Bank	10,777,596,912	9,935,936,698
Cash at other banks	21,337,125,258	9,201,287,065
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	51,639,176,625	39,449,282,776
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5. Loans & receivables		
	30.9.209	30.9.2018
	Combined kyat	Combined kyat
Loans & receivables	155,515,494,582	132,873,383,333
Overdrafts	18,054,792,767	46,547,868,629
Term loans	-	1,000,000,000
SME TSL Loans	5,827,500,000	-
	<hr/>	<hr/>
	179,397,787,349	180,421,251,962
	<hr/>	<hr/>

Cash & cash equivalents

Loan and receivables as of 30.9.2019 include loan & overdraft to related parties of MMK 11300.00 million and MMK 908.62 million respectively.

6. Investments	30.9.2019	30.9.2018
	Combined kyat	Combined kyat
Held to maturity		
- Investment in government securities (Treasury bonds)	20,500,000,000	20,500,000,000
- Investment In Deposit Auction at CBM	4,000,000,000	11,000,000,000
Available-for-sales securities		
- Investment In Credit Bureau Fund	1,300,000	1,300,000
- Investment In Myanmar Payment Union	200,000,000	200,000,000
Other Investment	-	
- Investment In Myeik' Generator	-	1,000,000
	<u>24,701,300,000</u>	<u>31,702,300,000</u>
7. Prepaid & other receivables	30.9.2019	30.9.2018
	Combined kyat	Combined kyat
Interest receivable for loan & advance	2,166,136,941.00	1,704,811,631
Prepaid	1,266,656,995.00	415,572,198
Claimed	2,159,193,324.00	928,178,577
Inward Remittance	568,751,404.00	477,370,735
Interest receivable for Government Treasury Bond	730,312,500.00	730,312,500
Interest receivable for Deposit Auction	3,808,219.00	4,838,356
Share price stabilization fund	-	494,218,211
	<u>6,894,859,383.00</u>	<u>4,755,302,208</u>

8. Property & Equipment

Details are shown in "Annexure (1), additions during the year are already approved by the Board of Directors.

9. Share Capital

The bank has authorized capital of MMK 100 Billion and the total amount of issued & paid up capital as of 30.9.2019 was MMK 24,720,530,000 divided into 2,472,053 shares with MMK 10,000 each. No additional share were issued during financial year September 2019.

10. Reserves

Statutory reserve

The bank has reserved 25% of its net profit after tax for statutory reserve in compliance with Section 35(a) of the Financial Institutions of Myanmar Law.

Reserve for bad & doubtful debts

The bank has reserved 2% of its total loans and receivables as reserve for bad and doubtful debts at the end of financial year in accordance with Central Bank instruction number 6.

11. Deposit	30.9.2018	30.9.2018
	Combined kyat	Combined kyat
Current Deposit	12,908,858,039	4,819,928,889
Saving Deposit	119,300,825,940	109,720,926,774
Called Deposit	2,616,999,890	3,335,495,816
Fixed Deposit	56,085,702,572	82,062,413,858
Mobile Money	105,062,849	214,035,370
Current Deposit(Foreign Currencies)	14,501,905,128	3,970,172,123
	<u>205,519,354,418</u>	<u>204,122,972,830</u>
12. Other liabilities	30.9.2019	30.9.2018
	Combined kyat	Combined kyat
Outward Remittance	332,737,379	413,037,995
Interest on Fixed Deposit	1,874,189,361	2,853,981,513
Annual listing fees for YSX	3,213,669	1,514,133
Software Recurring licence fees	47,275,000	
Repair and maintainance	5,250,000	36,000
Bank charges	251,647	253,947
Phone and electrical charges	34,286,205	10,011,158
External audit fees	4,000,000	5,000,000
YCDC tax		211,000
Doubtful accrued interest	2,153,022,954	934,162,952
Security Deposit	1,877,100	1,877,100
Surplus cash	154,920	461,070
Unclaimed Liability	5,160,936	3,900,172
Unclaimed Deposit	309,043	2,270,931
Provident Fund	585,266	1,457,878
FE adjustment		

		402,413,463
Western Union (remittance)	411,825,739	288,584,067
Domestic bank (remittance fees)	10,708	41,877
Marginal Deposit (LC)	8,185,509	1,615,673,374
Security account opening charges	5,000	23,000
Dividend	53,422,878	61,094,000
Staff social welfare	375,024	
Advance receipt	64,453	
Compensation receipt	500,000	
Stamp duty	-	
CBM licence fee	-	
Donation payable	-	
Insurance payable	-	
	<u>4,936,702,791</u>	<u>6,596,005,630</u>

13. Other Income

	30.9.2019	30.9.2018
	Combined kyat	Combined kyat
Interest on loan & advance	21,023,347,899	10,280,589,264
Interest on government securities (Treasury bonds)	1,947,500,000	1,001,928,522
Interest on Deposit Auction (CBM)	112,139,726	54,164,384
Interest on account with other banks	40,463,204	89
	<u>23,123,450,829</u>	<u>11,336,682,259</u>

	2019	2018
Interest rate on loans & advances	12% per annum	12% per annum
Interest rate on government securities (Treasury bonds)	9.50% per annum	9.50% per annum

14. Interest expenses

	30.9.2019	30.9.2018
	Combined kyat	Combined kyat
Interest on fixed deposit	6,139,050,055	3,632,169,066
Interest on called deposit	61,960,065	71,276,019
Interest on saving deposit		

	8,620,013,982	4,201,591,928
Interest on deposit from other banks		575,342
	14,821,024,103	7,905,612,355

Interest rate for various deposit are as follow:

	2019	2018 rate per annum
Interest rate on fixed deposit		
(3) months	8.25%	9.25%
(6) months	8.50%	9.50%
(9) months	8.75%	9.75%
(1) year	9.00%	10.00%
Interest rate on called deposit	2%	

Interest rate on called deposit was fixed at 2.00% on 1.11.2018

Interest rate on Saving Deposit	8.00%	8.25%
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15. Fees and Commission income

	30.9.2019 Combined kyat	30.9.2018 Combined kyat
Commission income(Mobile)	13,824,563	5,821,471
Commission income(Western Union)	182,348,472	77,081,579
Commission income(Remittance)	216,899,283	106,836,791
Commission income(Fire insurance)	74,192,324	32,068,135
Commission income(Hire Purchase)	1,278,000	8,336,000
Commission income(Bank Guarantee)	194,954,036	5,529,255
Income from other transactions	1,773,153,957	887,451,130
Swift commission(LC)	3,539,097	10,927,116
Bill collection charges	2,463,137	1,928,145
Miscellaneous Income	103,475,007	44,825,643
	2,566,127,876	1,180,805,265

16. Personnel expenses

	30.9.2019 Combined kyat	30.9.2018 Combined kyat
Salaries & wages	1,322,363,673	613,793,122
Cost of living allowance (CLA) & Special CLA	396,558,332	260,257,863
Travelling allowance	32,926,373	17,718,886

Uniform allowance	21,960,740	6,651,350
Overtime allowance	102,711,317	51,030,375
Field allowance	79,795,206	10,185,000
Degree allowance	12,884,000	4,445,000
Social welfare & provident funds	61,488,474	31,332,686
	<u>2,030,688,115</u>	<u>995,414,282</u>

17. Fees and Commission expenses	30.9.2019	30.9.2018
	Combined kyat	Combined kyat
Directors' remuneration & emolument	91,506,150	82,204,900
External audit fees	8,000,000	5,000,000
Legal fees	60,000	-
Training expenses	1,366,000	714,000
Registration & licence fees	264,662,482	291,425,862
Fees and expenses, others	58,874,004	6,274,531
	<u>424,468,636</u>	<u>385,619,293</u>

18. Other expenses	30.9.2019	30.9.2018
	Combined kyat	Combined kyat
Rental, electricity & water bill charges	131,485,487	62,936,077
Repair & maintenance charges	42,585,238	49,532,179
Annual General Meeting expenses	1,029,750	16,179,700
Insurance	7,906,101	3,081,792
Duty & Tax	13,450,544	3,992,281
Stationery & supplies	48,391,679	23,311,826
Communication expenses	101,894,134	45,940,294
Transportation & travelling expenses	95,107,782	34,718,334
Miscellaneous	170,583,462	59,015,491
Fixed asset written off during the year	1,364,025	574,573
Depreciation	600,551,440	82,780,807
	<u>1,214,349,640</u>	<u>382,063,354</u>

19. Contingent liabilities

In the opinion of management, there is no foreseeable contingent liability to be incurred to the company from ongoing business.

Related Parties Transaction

Transactions with key management personnel	30.9.2019 Combined kyat	30.9.2018 Combined kyat
Directors' remuneration & emolument	91,506,150	82,204,900
	<u>91,506,150</u>	<u>82,204,900</u>

Related party transactions are conducted on an arm's length basis and on normal commercial terms, which are not favourable than those generally available to the public.

	30.9.2018 Combined kyat (Kyat in million)	30.9.2018 Combined kyat (Kyat in million)
Loans	11,905.00	11,300.00
Overdraft	76.74	908.62
	<u>11,981.74</u>	<u>12,208.62</u>

20. Loan and receivables as of 30.9.2019 include loan & overdraft to related parties of MMK 11905.00 million and MMK 76.74 million respectively.

Commitments	30.9.2019 (Kyat in million)	30.9.2018 (Kyat in million)
Commitments		
Undrawn overdraft balance	8,601.21	7,523.13
MISYS contract (core banking system) USD 398,950 * 1600	638.32	638.32
	<u>9,239.53</u>	<u>8,161.45</u>

Undrawn overdraft balances

Overdraft commitments are defined amounts (unutilized credit lines or undrawn portions of credit lines) against which clients can borrow money under defined terms and conditions. Upon the drawdown by the counterparty, amount of the overdraft is accounted for in accordance with the bank's accounting policies.

MISYS Contract (Core banking system)

Misys Global Limited to obtain core banking services and the entity has already paid USD 1,233,434 and the balance of USD 398,950 to be paid upon service received.

First Private Bank Limited
(Incorporated in the Republic of the Union of Myanmar)
Notes to the financial statements

Annexure (1)

Property & Equipment	Land & Building	Furniture & fixture	Office equipment	Computer & accessories	Motor cycle	Bicycle	Motor Vehicle	Intangible Assets	TOTAL
Cost									
At 1 Oct. 2018	8,492,965,010	349,663,046	682,327,581	968,140,479	11,787,400	67,255	231,767,300	1,368,196,412	12,104,914,483
Additions	1,696,241,868	82,526,489	62,347,454	67,450,990	3,595,000		(15,630,000)	2,241,000	1,914,402,801
Disposal			(307,685)						(15,937,685)
Adjustment during the year	(1,224,529,776)	(35,264,378)	(16,525,425)						(1,276,319,579)
Write-offs		(165,425)	(7,818,022)	(5,945,745)					(13,929,192)
At 30 Sept 2019	8,964,677,102	396,759,732	720,023,903	1,029,645,724	15,382,400	67,255	216,137,300	1,370,437,412	12,713,130,828
Accumulated depreciation									
At 1 Oct. 2018	504,672,878	108,485,226	357,157,416	183,794,689	8,758,354	67,252	182,650,497	-	1,345,586,312
Depreciation for the financial year	50,506,823	21,031,850	51,181,820	183,787,314	1,040,848		18,915,300	274,087,483	600,551,438
Disposal							(12,308,625)		(12,308,625)
Adjustment during the year									
Write-offs		(153,286)	(6,794,098)	(5,925,466)					(12,872,850)
At 30 Sept 2019	555,179,701	129,363,790	401,545,138	361,656,537	9,799,202	67,252	189,257,172	274,087,483	1,920,956,275
Net Book value as at 30 Sept 2019	8,409,497,401	267,395,942	318,478,765	667,989,187	5,583,198	3	26,880,128	1,096,349,929	10,792,174,553
Net Book value as at 30 Sept 2018	7,988,292,132	241,177,820	325,170,165	784,345,790	3,029,046	3	49,116,803	1,368,196,412	10,759,328,171