

FIRSTPRIVATE BANK LIMITED

FINANCIAL STATEMENTS:

BALANCE SHEET AS AT SEPTEMBER 30, 2018

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

REPORT OF THE INDEPENDENT AUDITOR

STATEMENT OF INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2018

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CASH FLOW

NOTES TO THE FINANCIAL STATEMENTS

PERIOD:

YEAR ENDED SEPTEMBER 30, 2018



INDEPENDENT AUDITOR'S REPORT

To The Members of

FIRST PRIVATE BANK LIMITED

Opinion

We have audited the accompanying financial statements of First Private Bank Limited (the Bank), which comprise the Statement of Financial Position as at September 30, 2018 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 2018, 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 judgment, 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 act 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: 2018 December 24



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



ပထမ ပုဂ္ဂလိက ဘဏ် လီမိတက် FIRST PRIVATE BANK LIMITED

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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 Company 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 2018, 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 2018

	Notes	2018 MMK	2017 MMK
Assets			
Cash & cash equivalents	4	39,449,282,776	40,039,777,220
Loans and receivables	5	180,421,251,962	158,463,616,093
Prepaid and other receivables	7	4,755,302,208	8,271,374,327
Inventories		31,600,791	34,511,177
Investments	6	31,702,300,000	23,202,300,000
Property and equipment	8	10,759,328,171	6,884,115,228
Advanced Tax		2,180,217,385	450,000,000
Acceptance, Endorsement & Guarantee		378,742,400	812,699,456
Total Assets		269,678,025,693	238,158,393,501
Authorized Capital			
Paid up capital	9	100,000,000,000	100,000,000,000
Share Premium		24,720,530,000	24,720,530,000
		11,845,878,597	11,846,011,597
Equity			
Statutory reserve	10	14,146,283,649	12,744,889,678
2% reserve (general provision for loans & receivables)	10	3,608,425,039	3,169,272,322
Contingency reserve	10	101,697,990	223,261,180
Other reserve	10	8,117,485	388,117,485
Retained Earning		1,881,744,614	2,701,536,744
Total Equity		56,312,677,374	55,793,619,006
Liabilities			
Deposits from customers	11	204,122,972,830	177,691,835,974
Other liabilities	12	6,596,005,630	3,014,270,819
Payment Order		67,777,417	47,512,176
Provision for income tax		2,199,850,042	798,456,070
Acceptance, Endorsement & Guarantee		378,742,400	812,699,456
Total liabilities		213,365,348,319	182,364,774,495
Total Liabilities and Equity		269,678,025,693	238,158,393,501

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 2018

	Notes	2018 MMK	2017 MMK
Interest income	13	11,336,682,259	10,492,397,889
Interest expenses	14	(7,905,612,355)	(6,705,816,198)
Net interest income		3,431,069,904	3,786,581,691
Other income	15	1,530,190,310	1,556,872,915
Total revenue		4,961,260,214	5,343,454,606
Operating Expenses			
Personnel expenses	16	(995,414,282)	(886,819,180)
General & administrative expenses	17	(684,901,840)	(382,163,246)
Depreciation expenses		(82,780,807)	(82,191,830)
Total operating expenses		(1,763,096,929)	(1,351,174,256)
Net profit (Before Tax)		3,198,163,285	3,992,280,350
Gain on disposal of fixed-asset		-	-
Provision of income tax		(639,632,657)	(798,456,070)
Net profit for the year		2,558,530,628	3,193,824,280
Other comprehensive income		-	-
Total comprehensive income		2,558,530,628	3,193,824,280

Earning Per Share

737

965

See Accompanying Notes to Financial Statements

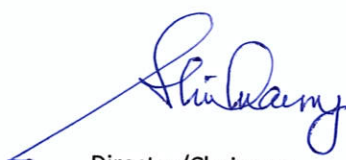
Authenticated by Directors;



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 2018

	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 31.3.2017	24,720,530,000	11,846,121,597	11,946,433,608	3,158,962,254	388,117,485	251,727,042	4,559,030,419	701,554,183	57,572,476,588
Changes during the year									
- Share issued during the year									-
- Share premium		(110,000)							-
- Transferred to reserved			798,456,070	10,310,068				(808,766,138)	(110,000)
- Transferred to dividend payable									0
- Adjustment during the year						(28,465,862)	(4,559,030,419)	(385,075,581)	(4,972,571,862)
- Profit/(loss) during the year									-
Balances as of 30.9.2017	24,720,530,000	11,846,011,597	12,744,889,678	3,169,272,322	388,117,485	223,261,180		3,193,824,280	3,193,824,280
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)	-
- Transferred to dividend payable									-
- Adjustment during the year							(4,327,576,006)	(616,529,994)	(4,944,106,000)
- Profit/(loss) during the year								32,607,476	32,607,476
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	-	2,558,530,628	2,558,530,628
								1,881,744,614	56,312,677,374



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 2018

	2018 (MMK in thousand)	2017 (MMK in thousand)
Interest income	12,013,825	11,876,698
Interest expense	(7,300,128)	(6,396,992)
Cash payment to employee & other	(1,679,742)	(1,268,983)
	3,033,955	4,210,723
(Increase)/decrease in loan and receivables	(4,819,332)	(515,503)
(Increase)/decrease in other assets	(36,484)	(1,119,875)
Increase/(decrease) in deposits	18,965,191	12,029,238
Increase/(decrease) other liabilities	1,934,611	(41,511)
Cash generated from operation	19,077,941	14,563,072
Income -tax paid	(630,217)	(458,012)
Net cash Provided by /(used in) operating activities	18,447,724	14,105,060
Cash flow from investing activities		
Investment in government securities bond	2,500,000	-
Investment in CBM-Deposit Auction	(11,000,000)	-
Purchase of property and equipment	(227,813)	(1,428,586)
Proceeds from sale of property and equipment	-	-
Net cash used in investing activities	(8,727,813)	(1,428,586)
Cash flow from financing activities		
Issued share capital	-	-
Share premium	-	-
Dividend paid	(4,908,176)	(4,889,936)
Proceed from bonus shares issued	-	(110)
Borrowing Repayment	(1,000,000)	(5,000,000)
Net cash used in financing activities	(5,908,176)	(9,890,046)
Net increase / (decrease) in cash in hand and at bank	3,811,735	2,786,428
Cash in hand and at bank at 1 April	35,637,548	37,253,349
Cash in hand and at bank at 30 September	39,449,283	40,039,777

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)
Notes to the financial statements

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 April 2018 to 30 September 2018, the mandatory income year end under the Myanmar Income Tax Law.

(b) Opening Balances

Opening Balances as at 1 April 2018 are carried forward from the financial statements for the year ended 31 March 2018, audited by V Advisory Limited (Certified Public Accountants).

(c) 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.

(d) Functional & Foreign currency transactions

(i) The accompanying financial statements are presented in Myanmar Kyats (MMK), which is the Bank's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into Myanmar Kyats using the exchange rates prevailing at the dates of the transactions where items are re-valued. 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.

(e) 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.

(f) Fees and commission income

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

(g) 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%

First Private Bank Limited
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Notes to the financial statements

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.

(h) 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.

(i) 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.

(j) 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.

(k) 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 trade 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 recognised 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.

Notes to the financial statements

(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 review 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 impairment loss occurred, the bank recognize 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). As the USD / MMK rate fluctuation is quite sizable, the unrealized exchange gain / loss is calculated based on CBM reference rate and provision is made for Kyat 395,827,882 (the equivalent of USD 979,139.41) under "Provision for Exchange Loss Account Head". This will be adjusted when actual transactions take place. However we shall abide by MAS-21 "The Effects of Changes in Foreign Exchange Rates" in accordance with external auditor's advice.

In accordance with Central Bank's Instruction number FEMD 2/2013-14, net open position of the bank as of 30.9.2018 in comparison with prior year is illustrated as follow.

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

Currencies	USD	EURO	SGD	Other currencies	Total
Asset	8,908.42	1,443.76	224.63	-	10,576.81
Liabilities	5,178.18	981.49	0.53	-	6,160.20
Net open position (NOP)	3,730.24	462.27	224.10	-	4,416.61
NOP as % of Tier I Capital	7.09%	0.88%	0.43%	-	8.40%

Net Open Position of the bank as of 30 September 2017 (MMK in million)

Currencies	USD	EURO	SGD	Other currencies	Total
Asset	15,064.36	1,463.08	189.84	-	16,717.28
Liabilities	10,170.52	1,898.40	0.46	-	12,069.39
Net open position (NOP)	4,893.84	(435.32)	189.37	-	4,647.89
NOP as % of Tier I Capital	10.02%	-0.89%	0.39%	-	9.52%

(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.

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

(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 6/1995		
Classification of	Days past due	Provision on	Classification of	Days past due	Provision on
loans & advances		shortfall in	loans & advances		security
		security value			shortfall
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 months	100%

30.9.2018				30.9.2017			
(MMK in million)	Loans & advances			Loans & advances			
Classification of	NPL Loans &	Interest in	Valuation of	NPL Loans &	Interest in	Valuation of	
debt	advances	suspense	security	advances	suspense	security	
Sub-standard	-	-	-	-	-	-	
Doubtful	694.54	26.00	1,075.00	3,303.64	-	6,500.00	
Bad	5,773.57	884.54	10,942.00	-	-	-	
	<u>6,468.11</u>	<u>910.54</u>	<u>12,017.00</u>	<u>3,303.64</u>	<u>-</u>	<u>6,500.00</u>	
Total NPL ratio =	<u>7,378.65</u>	=	4.09 %	3,303.64	=2.08%		
*	180,421.25			158,463.62			

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 April to September 2018, 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, 2018 is 28.69% 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.

Notes to the financial statements

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.

4 Cash & cash equivalents

	30.9.2018	30.9.2017
	Combined kyat	Combined kyat
Cash in hand	20,312,059,013	14,169,117,568
Cash at Central Bank	9,935,936,698	9,612,561,227
Cash at other banks	9,201,287,065	16,258,098,425
	<u>39,449,282,776</u>	<u>40,039,777,220</u>

5 Loans & receivables

	30.9.2018	30.9.2017
	Combined kyat	Combined kyat
Loans & receivables	132,873,383,333	26,233,400,833
Overdrafts	46,547,868,629	132,230,215,260
Term loans	1,000,000,000	-
	<u>180,421,251,962</u>	<u>158,463,616,093</u>

Loan and receivables as of 30.9.2018 include loan & overdraft to related parties of MMK 11300.00 million and MMK 908.62 million respectively.

6 Investments

	30.9.2018	30.9.2017
	Combined kyat	Combined kyat
Held to maturity		
- Investment in government securities - Treasury bonds	20,500,000,000	23,000,000,000
- Investment In Deposit Auction at CBM	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	1,000,000
	<u>31,702,300,000</u>	<u>23,202,300,000</u>

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7 Prepaid & other receivables	30.9.2018	30.9.2017
	Combined kyat	Combined kyat
Interest receivable for loan & advance	1,704,811,631	1,348,948,019
Prepaid	415,572,198	6,606,344,450
Claimed	928,178,577	2,703,185
Inward Remittance	477,370,735	313,378,673
Interest receivable for Government Treasury Bond	730,312,500	-
Interest receivable for Deposit Auction	4,838,356	-
Share price stabilization fund	494,218,211	-
	<u>4,755,302,208</u>	<u>8,271,374,327</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 30.9.2018 was MMK 24,720,530,000 dividend into 2,472,053 shares with MMK 10,000 each.

No additional share were issued during financial year September 2018.

10 Reserves

Statutory reserve

The bank has reserved 25% of it's 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 it's 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	30.9.2017
	Combined kyat	Combined kyat
Current Deposit	4,819,928,889	5,109,075,205
Saving Deposit	109,720,926,774	97,632,743,594
Call Deposit	3,335,495,816	2,340,174,505
Fixed Deposit	82,062,413,858	61,063,477,771
Mobile Money	214,035,370	164,330,387
Current Deposit(Foreign Currencies)	3,970,172,123	11,382,034,512
	<u>204,122,972,830</u>	<u>177,691,835,974</u>

12 Other liabilities

	30.9.2018	30.9.2017
	Combined kyat	Combined kyat
Outward Remittance	413,037,995	346,339,464
Interest on Fixed Deposit	2,853,981,513	2,087,473,105
Annual listing fees for YSX	1,514,133	2,920,113
Repair and maintainance	36,000	392,000
Bank charges	253,947	573,672
Phone and electrical charges	10,011,158	11,942,350
External audit fees	5,000,000	5,000,000
YCDC tax	211,000	110,676
Doubtful accrued interest	934,162,952	17,245,805

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Security Deposit	1,877,100	1,877,100
Surplus cash	461,070	468,070
Unclaimed Liability	3,900,172	4,403,132
Unclaimed Deposit	2,270,931	667,605
Provident Fund	1,457,878	5,657,630
FE adjustment	402,413,463	63,319,829
Western Union (remittance)	288,584,067	210,974,605
Domestic bank (remittance fees)	41,877	2,349,791
Marginal Deposit (LC)	1,615,673,374	125,388,896
Security account opening charges	23,000	9,000
Dividend	61,094,000	82,636,000
Certified Cheque	-	42,284,000
Staff social welfare	-	132,850
Advance receipt	-	141,440
Compensation receipt	-	740,000
Stamp duty	-	58,500
CBM licence fee	-	1,058,590
Donation payable	-	100,000
Insurance payable	-	6,596
	6,596,005,630	3,014,270,819

13 Interest Income

	30.9.2018 Combined kyat	30.9.2017 Combined kyat
Interest on loan & advance	10,280,589,264	9,390,161,926
Interest on government securities (Treasury bonds)	1,001,928,522	1,102,235,963
Interest on Deposit Auction (CBM)	54,164,384	-
Interest on account with other banks	89	-
	11,336,682,259	10,492,397,889

	2018	2017
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

	30.9.2018 Combined kyat	30.9.2017 Combined kyat
Interest on fixed deposit	3,632,169,066	2,798,775,949
Interest on call deposit	71,276,019	74,785,282
Interest on saving deposit	4,201,591,928	3,802,117,981
Interest on CBM by government securities	-	30,136,986
Interest on deposit from other banks	575,342	-
	7,905,612,355	6,705,816,198

Interest rate for various deposit are as follow:

	2018 rate per annum	2017
Interest rate on fixed deposit		
(3) months	9.25%	9.25%
(6) months	9.50%	9.50%
(9) months	9.75%	9.75%
(1) year	10.00%	10.00%

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Interest rate on call deposit 5% on balance above MMK 10 million
4% on balance below MMK 10 million

Interest rate on call deposit was fixed at 4.00% on 22.1.2018.

Interest rate on Saving Deposit 8.25% 8.25%

15 Other Income	30.9.2018	30.9.2017
	Combined kyat	Combined kyat
Commission income(Mobile)	5,821,471	2,466,562
Commission income(Western Union)	77,081,579	63,665,779
Commission income(Remittance)	106,836,791	98,059,836
Commission income(Fire insurance)	32,068,135	20,882,009
Commission income(Hire Purchase)	8,336,000	1,665,000
Commission income(Bank Guarantee)	5,529,255	16,216,447
Income from other transactions	887,451,130	1,002,374,075
Income from currency transactions	349,385,045	240,164,121
Swift commission(LC)	10,927,116	2,892,257
Bill collection charges	1,928,145	530,470
Miscellaneous Income	44,825,643	107,956,359
	<u>1,530,190,310</u>	<u>1,556,872,915</u>

16 Personnel expenses	30.9.2018	30.9.2017
	Combined kyat	Combined kyat
Salaries & wages	613,793,122	401,237,073
Cost of living allowance (CLA) & Special CLA	260,257,863	355,618,222
Travelling allowance	17,718,886	16,845,528
Uniform allowance	6,651,350	1,617,300
Overtime allowance	51,030,375	52,092,564
Field allowance	10,185,000	26,395,435
Degree allowance	4,445,000	5,434,000
Social welfare & providend funds	31,332,686	27,579,058
	<u>995,414,282</u>	<u>886,819,180</u>

17 General and administrative expenses	30.9.2018	30.9.2017
	Combined kyat	Combined kyat
Directors' remuneration & emolument	82,204,900	44,501,000
Rental,electricity & water bill charges	62,936,077	61,099,015
Repair & maintainance charges	49,532,179	15,048,810
Annual General Meeting expenses	16,179,700	13,893,831
Insurance	3,081,792	2,908,260
Duty & Tax	3,992,281	3,364,619
Stationery & supplies	23,311,826	27,824,050
Communication expenses	45,940,294	46,192,344
Transportation & travelling expenses	34,718,334	54,852,646
Miscellaneous	59,015,491	52,577,725
Fixed asset written off during the year	574,573	-
External audit fees	5,000,000	5,000,000
Training expenses	714,000	5,512,800
Registration & licence fees	291,425,862	39,652,730

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Fees and expenses, others	6,274,531	9,735,416
	684,901,840	382,163,246

18 Contingent liabilities

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

19 Related Parties Transaction

Transactions with key management personnel

	30.9.2018 Combined kyat	30.9.2017 Combined kyat
Directors' remuneration & emolument		
Directors' remuneration	17,006,000	15,666,000
Other allowances	65,198,900	28,835,000
	82,204,900	44,501,000

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)	30.9.2017 Combined kyat (Kyat in million)
Loans	11,300.00	5,270.00
Overdraft	908.62	4,628.64
	12,208.62	9,898.64

Loan and receivables as of 30.9.2018 include loan & overdraft to related parties of MMK 11300.00 million and MMK 908.62 million respectively.

20 Commitments

	30.9.2018 (Kyat in million)	30.9.2017 (Kyat in million)
Commitments		
Undrawn overdraft balance	7,523.13	33,935.27
MISYS contract(core banking system)USD398950*1600	638.32	-
	8,161.45	33,935.27

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.

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Property & Equipment									Annexure (1)
	Land & Building	Furniture & fixture	Office equipment	Computer & accessories	Motor cycle	Bicycle	Motor Vehicle	Intangible Assets	TOTAL
Cost									
At 1 April 2018	6,716,749,218	308,578,179	623,933,966	232,078,073	11,787,400	67,255	231,767,300	-	8,124,961,391
Additions	1,775,415,792	41,708,724	59,787,200	736,924,406				1,368,196,412	3,982,032,534
Disposal									-
Adjustment during the year	800,000		(800,000)						-
Write-offs		(623,857)	(593,585)	(862,000)					(2,079,442)
At 30 Sept 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
Accumulated depreciation									
At 1 April 2018	482,902,670	100,642,476	334,546,635	165,854,759	8,381,541	67,252	171,915,041		1,264,310,374
Depreciation for the financial year	21,690,208	8,141,246	23,044,762	18,792,323	376,813		10,735,456		82,780,808
Disposal									-
Adjustment during the year	80,000		(80,000)						-
Write-offs		(298,496)	(353,981)	(852,393)					(1,504,870)
At 30 Sept 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
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
Net Book value as at 31 March 2018	6,233,846,548	207,935,703	289,387,331	66,223,314	3,405,859	3	59,852,259	-	6,860,651,017

Ratio Analysis

1. The Bank's capital adequacy ratio as of September 30,2018 is 21.47% and hence more than 8% as prescribed by the Central Bank of Myanmar per its instruction No. (16/2017).
2. The Bank's CBM balances to Minimum reserve requirement ratio as of September 30,2018 is 5.47% and hence more than 5% as prescribed by the Central Bank of Myanmar per its Instruction No. (10/2015).

3. Asset to Liabilities Ratio

$$= \frac{\text{Total asset}}{\text{Total liabilities}} = 1.26:1$$

The above ratio indicates that the bank has adequate assets to cover its liability.

4. Return on Investment (6 month)

$$= \frac{\text{Profit before tax}}{\text{Shareholder's equity}} \times 100 = 5.68\%$$

$$= \frac{\text{Net Profit after tax}}{\text{Shareholder's equity}} \times 100 = 4.54\%$$

5. Total Equity to share capital ratio

$$= \frac{\text{Total equity}}{\text{Share capital}} = 2.28:1$$

6. Earning Per Share(6 month)

$$= \frac{\text{Net profit after tax}}{\text{Total number of shares}} = 1035$$

7. Loan to Deposit Ratio

$$= \frac{\text{Total loan}}{\text{Total deposit}} = 88.39\%$$