



ပထမ ပုဂ္ဂလိက ဘဏ် လီမိတက်
FIRST PRIVATE BANK LIMITED

No. 619 ~ 621, MERCHANT STREET, (Corner of Merchant Street & Bo Soon Pat Street)
PABEDAN TOWNSHIP, YANGON, UNION OF MYANMAR.

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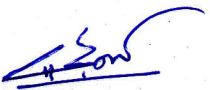
ရက်စွဲ၊ ၄-၇-၂၀၁၈

ပထမပုဂ္ဂလိကဘဏ်လီမိတက်၏

၂၀၁၇-၂၀၁၈ ဘဏ္ဍာရေးနှစ်အတွက် နှစ်ချုပ်ဘဏ္ဍာရေးရှင်းတမ်းများအား အသိပေးကြေညာခြင်း

ပထမပုဂ္ဂလိကဘဏ်လီမိတက်၏ ၂၀၁၈ ခုနှစ်၊ မတ်လ(၃၁)ရက်တွင်ကုန်ဆုံးသည့် ဘဏ္ဍာနှစ်အတွက် စာရင်းစစ်ထားပြီးဖြစ်သော နှစ်ချုပ်ဘဏ္ဍာရေးရှင်းတမ်းများကို ပူးတွဲပါအတိုင်း အသိပေးကြေညာအပ်ပါသည်။ ဤနှစ်ချုပ်ဘဏ္ဍာရေးရှင်းတမ်းများကို ၂၀၁၈ ခုနှစ်၊ ဇွန်လ(၂၃)ရက်တွင် ကျင်းပပြုလုပ်သည့် ဒါရိုက်တာအဖွဲ့အစည်းဝေးမှ အတည်ပြုထားပြီးဖြစ်ပါသည်။

ဘဏ္ဍာရေးရှင်းတမ်းများကို မြန်မာနိုင်ငံဘဏ္ဍာရေးအစီရင်ခံခြင်းဆိုင်ရာစံများ (Myanmar Financial Reporting Standard) အရ ရေးဆွဲထားခြင်းဖြစ်ပါသည်။


(မြင့်ဇော်)

အမှုဆောင်အရာရှိချုပ်



V ADVISORY

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**Independent Auditor's Report
To the Members of First Private Bank Limited
(Incorporated in the Republic of the Union of Myanmar)
Report on the Audit of the Financial Statements**

Opinion

We have audited the financial statements of First Private Bank Limited (The Bank), which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 31 March 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 the 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 Matters

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 context 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Myanmar Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

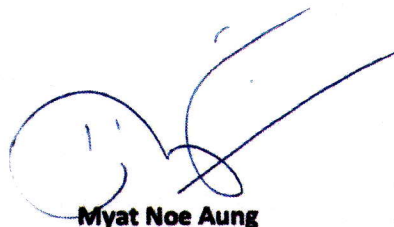
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that 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 Section 145 of the Myanmar Companies Act, 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 Section 130 of the Myanmar Companies Act.

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



Myat Noe Aung
Certified Public Accountant
PPA Registered No. 196
V Advisory Limited
Bldg 14, # 306, MICT Park
University of Yangon – Hlaing Campus
Yangon, Myanmar

Date: 2018 June 28

FIRST PRIVATE BANK LIMITED (PUBLIC COMPANY)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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First Private Bank Limited
(Incorporated in the Republic of the Union of Myanmar)
Statement of Financial Positions as at 31 March 2018

	Notes	2018 MMK	2017 MMK
Assets			
Cash & cash equivalents	4	35,637,548,363	37,253,349,330
Loans and receivables	5	175,601,920,105	157,948,112,710
Prepaid and other receivables	7	7,216,248,621	5,922,975,963
Inventories		29,327,388	31,001,670
Investments	6	23,202,300,000	23,202,300,000
Property and equipment	8	6,860,651,017	6,597,181,459
Advanced Tax		1,550,000,000	2,150,180,007
Acceptance, Endorsement & Guarantee		905,619,100	637,494,678
Total Assets		251,003,614,594	233,742,595,817
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	11,846,121,597
Equity			
Statutory reserve	10	13,506,650,992	11,946,433,608
2% reserve (general provision for loans & receivables)	10	3,512,038,402	3,158,962,254
Contingency reserve	10	101,697,990	251,727,042
Other reserve	10	8,117,485	388,117,485
Reserve for dividend		4,327,576,006	4,559,030,419
Retained Earning		643,155,798	701,554,183
Total Equity		58,665,645,270	57,572,476,588
Liabilities			
Deposits from customers	11	185,157,781,563	165,662,598,122
Other liabilities	12	3,672,878,766	2,694,089,709
Payment Order		41,472,510	17,744,447
Provision for income tax		1,560,217,385	2,158,192,273
Loan from banks	13	1,000,000,000	5,000,000,000
Acceptance, Endorsement & Guarantee		905,619,100	637,494,678
Total liabilities		192,337,969,324	176,170,119,229
Total Liabilities and Equity		251,003,614,594	233,742,595,817

See Accompanying Notes to Financial Statements


Authenticated by Directors ;


Director
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 31 March 2018**

	Notes	2018 MMK	2017 MMK
Interest income	14	21,045,280,314	19,827,552,709
Interest expenses	15	(13,843,099,234)	(12,878,100,910)
Net interest income		7,202,181,080	6,949,451,799
Other income	16	3,289,897,002	4,075,779,413
Total revenue		10,492,078,082	11,025,231,212
Operating Expenses			
Personnel expenses	17	(1,809,312,985)	(1,520,387,251)
General & administrative expenses	18	(719,527,968)	(719,132,981)
Depreciation expenses		(162,150,206)	(152,941,889)
Total operating expenses		(2,690,991,159)	(2,392,462,121)
Net profit (Before Tax)		7,801,086,923	8,632,769,091
Gain on disposal of fixed-asset		-	209,999
Provision of income tax		(1,560,217,385)	(2,158,192,273)
Net profit for the year		6,240,869,538	6,474,786,817
Other comprehensive income		-	-
Total comprehensive income		6,240,869,538	6,474,786,817

Earning Per Share

2,525


2,619

See Accompanying Notes to Financial Statements**Authenticated by Directors;**


Director
Chief Executive Officer



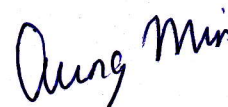
General Manager



Director/Chairman




Director



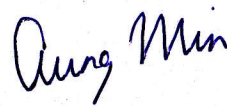
Director

First Private Bank Limited
(Incorporated in the Republic of the Union of Myanmar)
Statement of Changes in Equity for the year ended 31 March 2018

	Issued & paid up capital	Share premium	Statutory Reserve	General provision for loans & receivables	Other Reserve	Contingency Reserve	Reserve for dividend	Retained Earnings	Total
Balance as of 31.3.2016	23,661,940,000	9,852,187,597	10,327,789,403	2,862,060,060	288,117,485	201,402,034	4,320,000,000	505,810,201	52,019,306,780
Changes during the year									-
- Share issued during the year	1,058,590,000								1,058,590,000
-Share premium		1,993,934,000							1,993,934,000
-Transferred to reserved			1,618,644,205	296,902,194				(1,915,546,399)	-
-Reserve for dividend							4,559,030,419	(4,559,030,419)	-
-Transferred to dividend payable							(4,320,000,000)		(4,320,000,000)
-Adjustment during the year					100,000,000	50,325,008		195,533,983	345,858,991
-Profit/(loss) during the year								6,474,786,817	6,474,786,817
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		(243,000)							(243,000)
-Transferred to reserved			1,560,217,384	353,076,148				(1,913,293,532)	-
-Reserve for dividend							4,327,576,006	(4,327,576,006)	-
-Transferred to dividend payable							(4,559,030,419)	(385,075,581)	(4,944,106,000)
-Adjustment during the year					(380,000,000)	(150,029,052)		326,677,196	(203,351,856)
-Profit/(loss) during the year								6,240,869,538	6,240,869,538
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


Director/Chairman


Director


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 31 March 2018


	2018 (MMK in thousand)	2017 (MMK in thousand)
Interest income	23,924,727	23,753,551
Interest expense	(13,407,497)	(12,111,768)
Cash payment to employee & other	(2,626,518)	(2,238,832)
	<u>7,890,712</u>	<u>9,402,951</u>
(Increase)/decrease in loan and receivables	(17,653,807)	(14,845,110)
(Increase)/decrease in other assets	1,164,491	(2,661,854)
Increase/(decrease) in deposits	19,495,183	14,592,395
Increase/(decrease) other liabilities	509,143	(126,763)
Cash generated from operation	<u>11,405,722</u>	<u>6,361,619</u>
Income -tax paid	(1,558,012)	(2,150,070)
Net cash Provided by /(used in) operating activities	<u>9,847,710</u>	<u>4,211,549</u>
Cash flow from investing activities		
Investment in government securities bond	-	-
Purchase of property and equipment	(2,473,582)	(1,018,568)
Proceeds from sale of property and equipment	-	210
Net cash used in investing activities	<u>(2,473,582)</u>	<u>(1,018,358)</u>
Cash flow from financing activities		
Issued share capital	-	1,043,340
Share premium	-	1,972,390
Dividend paid	(4,989,686)	(4,003,002)
Proceed from bonus shares issued	(243)	(1,331)
Loan Repayment	(4,000,000)	5,000,000
Net cash used in financing activities	<u>(8,989,929)</u>	<u>4,011,397</u>
Net increase / (decrease) in cash in hand and at bank	(1,615,801)	7,204,588
Cash in hand and at bank at 1 April	37,253,349	30,048,761
Cash in hand and at bank at 31 March	<u>35,637,548</u>	<u>37,253,349</u>


Authenticated by directors;


Director
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, 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 2017 to 31 March 2018, the mandatory income year end under the Myanmar Income Tax Law.

(b) Opening Balances

Opening Balances as at 1 April 2017 are carried forward from the financial statements for the year ended 31 March 2017, audited by U Hla Tun & Associate 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 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.

(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	12.5%
Office equipment	6.25%-10%
Furniture & fixture	5%-6.25%
Computer	20%

First Private Bank Limited
(Incorporated in the Republic of the Union of Myanmar)
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 replaces 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 a financial asset 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 rewards of ownership, but the other party may sell the asset. The risks and rewards retained are recognised as an asset. 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.

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

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.

In accordance with Central Bank's Instruction number FEMD -2/2013-14, net open position of the bank as of 31.3.2018 in comparison with prior year is illustrated as follow.

Net Open Position (NOP) of the bank as of 31 March 2018 (MMK in million)

Currencies	USD	EURO	SGD	Other currencies	Total
Asset	10,611	1,321	201	-	12,133
Liabilities	7,775	1,587	-	-	9,362
Net open position (NOP)	2,836	(266)	201	-	2,771
NOP as % of Tier I Capital	5.78%	-0.54%	0.41%	-	5.64%

Net Open Position of the bank as of 31 March 2017 (MMK in million)

Currencies	USD	EURO	SGD	Other currencies	Total
Asset	9,525	1,149	185	-	10,859
Liabilities	6,628	2,395	-	-	9,023
Net open position (NOP)	2,897	(1,246)	185	-	1,836
NOP as % of Tier I Capital	5.39%	-2.32%	0.34%	-	3.41%

(b) Interest rate risk

The Bank is exposed to interest rate risk through the impact of rate changes 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 6		
Classification of	Days past due	Provision on shortfall in security value	Classification of loans & advances	Days past due	Provision on security shortfall
loans & advances					
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%

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

(MMK in million)	31.3.2018			31.3.2017		
	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
Sub-standard	-	-	-	-	-	-
Doubtful	1,849	137	3,087	-	-	-
Bad	3,623	373	7,224	-	-	-
	<u>5,472</u>	<u>510</u>	<u>10,311</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total NPL ratio =	<u>5,982</u>	=	3.41%	=	-	-
	175,601					

***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 2017-18, there was no shortfall in security value, hence, the bank didn't record 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 March 31, 2018 is 23.12% 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);
- (iv) Failure to protect the Bank's property;
- (v) 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.

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4 Cash & cash equivalents	31.3.2018	31.3.2017
	Combined Kyat	Combined Kyat
Cash in hand	13,771,544,358	13,875,157,893
Cash at Central Bank	10,905,412,356	9,472,779,438
Cash at other banks	10,960,591,649	13,905,411,999
	<u>35,637,548,363</u>	<u>37,253,349,330</u>

5 Loans & receivables	31.3.2018	31.3.2017
	Combined Kyat	Combined Kyat
Loans	62,937,491,667	24,359,414,583
Overdrafts	112,436,136,552	133,588,698,127
Term loan	228,291,886	-
	<u>175,601,920,105</u>	<u>157,948,112,710</u>

Loans & receivables as of 31.3.2018 include loan & overdraft to related parties of MMK 11,090 million and MMK 1,056 million respectively.

6 Investments	31.3.2018	31.3.2017
	Combined Kyat	Combined Kyat
Held to maturity		
Investment in government securities (Treasury bonds)	23,000,000,000	23,000,000,000
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>23,202,300,000</u>	<u>23,202,300,000</u>

Available-for-sales securities are unquoted equity investments carried at cost, less impairment because the fair value cannot be reliably estimated using valuation techniques supported by observable market data and no impairment losses were incurred for both financial years 2016-2017 & 2018.

7 Prepaid & other receivables	31.3.2018	31.3.2017
	Combined Kyat	Combined Kyat
Accrued Income	766,030,911	360,002,252
Prepaid	4,221,875,827	4,290,138,848
Claimed	515,272,941	2,325,185
Inward Remittance	405,850,676	454,136,052
Interest receivable for Government Treasury Bond	820,883,978	816,373,626
Share price stabilization fund	486,334,288	-
	<u>7,216,248,621</u>	<u>5,922,975,963</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 31.3.2018 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 2017-18.

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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

	31.3.2018	31.3.2017
	Combined Kyat	Combined Kyat
Current Deposit	5,033,712,495	5,155,288,213
Saving Deposit	101,069,445,245	95,145,170,672
Called Deposit	68,526,642,799	53,533,177,375
Fixed Deposit	2,710,227,992	3,150,078,177
Mobile Money	94,031,192	112,607,437
Current Deposit (foreign currencies)	7,723,721,840	8,566,276,248
	<u>185,157,781,563</u>	<u>165,662,598,122</u>

12 Other liabilities

	31.3.2018	31.3.2017
	Combined Kyat	Combined Kyat
Outward Remittance A/C	196,922,439	378,264,043
Interest on fixed deposit	2,247,730,175	1,778,649,069
Interest on borrowing from CBM and other banks	767,123	34,246,575
Annual listing fees for YSX	3,337,272	3,893,483
Repair & maintenance	36,000	621,000
Phone & Electric Charges	8,103,100	25,388,471
Licence fees	-	1,058,590
Audit fees	5,000,000	6,300,000
YCDC Tax	158,200	168,000
Doubtful accrued interest	528,148,061	17,245,805
Security Deposit	1,877,100	1,877,100
Surplus Cash	246,150	343,150
Advanced receipt	141,440	141,440
Unclaimed deposit	19,592	467,626
Unclaimed liability	62,910,018	4,140,545
Debit note issued	-	5,494,000
Provident Fund	3,144,156	3,711,084
FE Adjustment	41,424,736	136,568,301
Western Union (remittance)	320,827,534	246,514,472
Bank Charges	1,170,206	312,716
Clearing Charges	-	6,000
Marginal deposit (LC)	250,897,464	48,606,239
Security A/C opening Charges	18,000	12,000
Compensation	-	60,000
	<u>3,672,878,766</u>	<u>2,694,089,709</u>

13 Inter-bank borrowing

Inter bank borrowing of MMK 1,000,000,000 as of 31.3.2018 is the loan taken from Myanmar Oriental Bank with the interest rate of 7% and matured on 4.4.2018.

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14 Interest Income

	2018	2017
	Combined Kyat	Combined Kyat
-Interest on loan & advances	18,855,769,794	17,319,702,323
-Interest on government securities (Treasury bonds)	2,189,510,352	2,507,850,235
-Interest from account with other banks	168	151
	<u>21,045,280,314</u>	<u>19,827,552,709</u>

	2018	2017
Interest rate on loans & advances	12% per annum	12% per annum
Interest rate on government securities (Treasury bonds)	9.5% per annum	9.5% per annum

15 Interest expenses

	2018	2017
	Combined Kyat	Combined Kyat
-Interest on fixed deposit	5,927,750,161	5,120,304,536
-Interest on called deposit	143,186,442	118,355,222
-Interest on saving deposit	7,741,258,522	7,605,194,577
-Interest on government securities	30,136,986	34,246,575
-Interest on deposit from other banks	767,123	-
	<u>13,843,099,234</u>	<u>12,878,100,910</u>

Interest rate for various deposits are as follows:

	2018	2017
	rate per annum	
Interest rate on fixed deposit		
-three months	9.25%	9.25%
-six months	9.50%	9.50%
-nine months	9.75%	9.75%
-one year	10.00%	10.00%
Interest rate on called deposit*	5% on balance above MMK 10 million 4% on balance below MMK 10 million	
Interest rate on saving deposit	8.25%	8.25% - 8.5%

* Interest rate on called deposit was fixed at 4% on 22.1.2018.

16 Other income

	2018	2017
	Combined Kyat	Combined Kyat
Commission income (Mobile A/C)	5,525,338	3,679,102
Commission & remittance	394,250,893	366,823,494
Commission on (Fire insurance)	56,847,489	73,429,487
Income from other transactions	2,062,505,672	2,073,467,410
Commission on (Hire Purchase)	2,727,000	11,994,300
Miscellaneous income	376,227,818	350,579,079
Income from currency translation	381,471,098	1,191,325,727
Swift Commission (LC)	9,006,519	3,723,739
Bill Collection Charges	1,335,175	757,075
	<u>3,289,897,002</u>	<u>4,075,779,413</u>

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17 Personnel expenses	2018	2017
	Combined Kyat	Combined Kyat
Salaries & wages	814,536,529	769,191,946
CLA & SCLA	720,480,820	531,333,538
Travelling allowance	33,448,973	35,790,322
Uniform allowance	23,664,446	15,449,000
Overtime allowance	98,509,480	77,349,129
Field allowance	53,710,435	27,564,217
Degree allowance	9,819,000	9,698,097
Social welfare & providend funds	55,143,302	54,011,002
	<u>1,809,312,985</u>	<u>1,520,387,251</u>

18 General & administrative expenses	2018	2017
	Combined Kyat	Combined Kyat
Directors' remuneration & emolument	98,123,480	83,486,800
Rental, electricity & water bill charges	121,626,147	122,889,816
Repair & maintenance charges	56,555,252	28,334,621
AGM expenses	13,972,681	11,594,925
Insurance	5,840,625	5,258,347
Duty & taxes	7,303,190	5,728,359
Stationary & supplies	52,934,432	53,037,805
Communication expenses	83,739,320	115,961,560
Transportation & travelling expenses	97,472,717	74,003,283
Miscellaneous	103,947,371	92,596,260
Fixed asset written-off during the year	2,411,574	688,604
Audit fees	10,000,000	6,000,000
Training expenses	5,836,800	4,405,750
Registration & licence fees	44,351,502	86,822,633
Fees and expenses, others	15,412,877	28,324,218
	<u>719,527,968</u>	<u>719,132,981</u>

19 Contingent liabilities

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

20 Related Parties Transaction

Transactions with key management personnel	2018	2017
	Combined Kyat	Combined Kyat
Directors' remuneration & emolument		
- Directors' remuneration	31,264,000	30,199,000
-Other allowances	66,859,480	53,287,800
	<u>98,123,480</u>	<u>83,486,800</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.

	2018	2017
	Combined Kyat	Combined Kyat
(Kyat in million)	(Kyat in million)	(Kyat in million)
Loans	11,090	2,010
Overdraft	1,056	5,404
	<u>12,146</u>	<u>7,414</u>

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Other transactions with related parties (continued)

Loans & receivables as of 31.3.2018 include loan & overdraft to related parties of MMK 11,090 million and MMK 1,056 million respectively.

21 Commitments

	2018 (Kyat in million)	2017 (Kyat in million)
Commitments		
Undrawn overdraft balances	23,594	30,869
MISYS Contract (core banking system- USD 434,500)	580	-
	<u>24,174</u>	<u>30,869</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)

On 15th May 2017, the bank has entered into software licence and service agreement (USD 750,000) with Misys Global Limited to obtain core banking service and the entity has already paid USD 355,500 during financial year 2017-18, and the balance of (USD 434,500) 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	TOTAL
Cost								
At 1 April 2017	6,428,322,877	287,470,476	558,904,026	201,874,172	11,567,400	97,955	231,767,300	7,720,004,206
Additions	288,426,341	22,581,341	82,600,745	35,682,911	740,000	-	-	430,031,338
Disposal	-	-	-	-	-	-	-	-
Adjustment during the year	-	-	(2,500,000)	-	-	-	-	(2,500,000)
Write-offs	-	(1,473,638)	(15,070,805)	(5,479,010)	(520,000)	(30,700)	-	(22,574,153)
At March 31, 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
Accumulated depreciation								
At 1 April 2017	439,624,086	84,710,080	304,499,584	136,873,624	8,073,293	97,950	148,944,130	1,122,822,747
Depreciation for the financial year	43,278,584	16,205,164	44,434,301	34,432,999	828,247	-	22,970,911	162,150,206
Disposal	-	-	-	-	-	-	-	-
Adjustment during the year	-	-	(500,000)	-	-	-	-	(500,000)
Write-offs	-	(272,768)	(13,887,250)	(5,451,864)	(519,999)	(30,698)	-	(20,162,579)
At 31 March 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
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
Net Book value as at 31 March 2017	5,988,698,791	202,760,396	254,404,442	65,000,548	3,494,107	5	82,823,170	6,597,181,459

Ratio Analysis

1 The Bank's capital adequacy ratio as of March 31, 2018 is 23.42% 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 March 31, 2018 is 6.05% and hence more than 5% as prescribed by the Central Bank of Myanmar per its Instruction No. 10/2015).

3 Asset to Liabilities Ratio

$$= \frac{\text{Total asset}}{\text{Total liabilities}} = 1.3:1$$

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

4 Return On Investment

$$= \frac{\text{Profit before tax}}{\text{Shareholder's equity}} \times 100 = 13.30\%$$

$$= \frac{\text{Net Profit after tax}}{\text{Shareholder's equity}} \times 100 = 10.64\%$$

5 Return On Paid Capital

$$= \frac{\text{Profit before tax}}{\text{Paid up Capital}} \times 100 = 31.56\%$$

$$= \frac{\text{Net Profit after tax}}{\text{Paid up Capital}} \times 100 = 25.25\%$$

6 Total equity to share capital ratio

$$= \frac{\text{Total equity}}{\text{Share capital}} = 2.37:1$$

7 Earning Per Share

$$= \frac{\text{Net profit after tax}}{\text{Total number of shares}} = 2525$$

8 Loan to Deposit Ratio

$$= \frac{\text{Total loan}}{\text{Total deposit}} = 95\%$$