

First Private Bank Limited
(A Public Limited Liability Company)



Report by the Board of Directors
Submitted to the 28th Annual General Meeting of Shareholders

Sunday, 24th November 2019

(English Translation)

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1. Introduction

FPB is entering its 28th year in business this November 2019, since banking business commenced in October 1992. In presenting this year's annual report, the Board of Directors expectation is that shareholders will not only approve the report but also objectively review FPB's banking & financial performances, strengths and weaknesses to give feedback and advice.

This year is different in the sense that the Central Bank of Myanmar changed the financial year format from April-March to October-September in early 2018. The six-month period, from 1st April 2018 to 30th September 2018, was designated as the transition financial year. The new full financial year began on 1st October 2018 and ended on 30th September 2019. This annual report presents the banking and financial performances of both the six-month transition financial year and the new full financial year.

2. FY 2018-2019 Banking & Financial Performance Highlights

Total deposits at the end of FY 2018-2019 (30th September 2019), **205.51935 billion kyats**, was higher than that at end of FY 2017-2018 (31st March 2018) **185.15778 billion kyats**, as deposits grew by **10.99%**.

Similarly, total loans & overdrafts at end of FY 2018-2019, **179.39779 billion kyats**, was higher than that at end of FY 2017-2018, **175.60192 billion kyats**, as the loans & overdrafts portfolio grew by **2.16%**.

However, the profit before tax for FY 2018-2019, **7.74457 billion kyats**, was slightly lower than that for FY 2017-2018, **7.80109 billion kyats**, by **0.72%**. The lower profit can be attributed to interest expense increasing faster than interest income, as the growth rate of total deposits was faster than the growth rate of loans & overdrafts.

Table 1 Comparison of banking and financial performances for FY 2018-2019 and FY 2017-2018.

No	Particulars	2017-2018	2018-2019	Difference
1	Total deposit (<i>in millions of kyat</i>)	185,157.78	205,519.35	10.99%
2	Loans and overdraft (<i>in millions of kyat</i>)	175,601.92	179,397.79	2.16%
3	Net Profit (<i>in millions of kyat</i>)	7,801.09	7,744.57	-0.72%
4	Income Tax (<i>in millions of kyat</i>)	1,560.22	1,548.91	-0.72%
5	Dividend (<i>in millions of kyat</i>)	4,970.73	6,528.49	1,557.76
6	Number of Shares	2,472,053	2,472,053	-
7	Revenue of share sales (<i>in millions of kyat</i>)	24,720.53	24,720.53	-
8	Number of shareholders	8,261	8,375	114
9	Value per share (<i>kyat</i>)	23,731.55	25,286.35	1,554.8
10	Number of branches	34	35	1
11	Number of staff	635	644	9
12	Number of real estate and buildings	40	47	7

3. Authorized and Paid-up Capital

When First Private Bank was founded in 1992, its authorized capital was **1,000 million kyats**. Later on as business grew, the authorized capital was increased to **2,000 million kyats** (on 4th October 1999), **5,000 million kyats** (on 1st July 2005), **10,000 million kyats** (on 7th January 2008), **30,000 million kyats** (on 21st January 2011) and finally **100,000 million kyats** (or **100 billion kyats**) on 14th March 2014.

At the end of 2018-2019 financial year, the authorized capital remained at **100 billion kyats**, while the paid-up capital was **24,720.53 million kyats** (or **24.72053 billion kyats**).

4. The Selling Price of Shares Issued by FPB

FPB shares have been priced at a par value of 10,000 kyats since the founding of bank in 1992. But as net profits grew and dividends were paid out yearly, FPB was able to command a higher price, selling shares at successively higher premiums, above the par value price, at **11,000, 12,000, 13,000, 14,000, 15,000, 17,000, 18,000, 19,000, 20,000** and **25,000 kyats** in the years between, reaching **30,000 kyats** per share in FY 2016-2017 before listing on YSX on 20th January 2017.

The share premiums paid above the par value were recorded in share-premium capital account. The balance of that share premium capital accounts as at the end of 2018-2019 financial year was **11,845.88 million kyats**.

5. Appreciation of the Book Value per Share

Based on the external auditor's audit report, the book value per share at the end of FY 2018-2019 (30th September 2019) was **25,286.35 kyats**. Compared with the book value per share at the end of FY 2017-2018 (31st March 2018), **23,731.55 kyats**, the book value per share increased by **6.55%**. The above book values were calculated based on historical purchase cost of assets (especially land and buildings) and did not consider the current market value of bank's land and buildings.

An evaluation in June 2019, made by FPB's assessors, estimated the market value of FPB's land and buildings as **24,888.62 million kyats**. If the net difference between fair market value and original value of FPB's land and buildings, **15,923.94 million kyats**, is included in the book value calculation, the book value per share will be **31,728 Kyats** at 30th September 2019.

6. Ownership of Shares

6.1 Classification of Shareholders

As at 30 September 2019 (the end of FY 2018-2019), FPB had already sold **2,472,053** common shares (par value priced at 10,000 kyats) to **8,375** shareholders and, therefore, raising a paid-in capital of **24,720.53** million kyats.

Among the shareholders, **1,933** shareholders (or **23%**), representing **1,060,071** shares, had already opened security accounts at local securities companies in order to trade on YSX (*security account holders*). The remaining **6,442** shareholders (or **77%**), representing **1,411,982** shares, have not opened security accounts with the local security companies (*special account holders*).

The **8,375** shareholders can be classified based on the number of shares owned as shown in the following table.

Table 2 Classification of shareholders by share ownership

No	Share Ownership	Special A/C	Securities A/C	Shareholders	%
1	1-10	3580	581	4,161	49.68
2	11-50	1668	567	2,235	26.68
3	51-100	347	190	537	6.41
4	101-500	509	356	865	10.33
5	501-1,000	108	74	182	2.17
6	1,001-3,000	146	104	250	2.99
7	3,001-10,000	57	35	92	1.10
8	10,001-30,000	24	21	45	0.54
9	30,001 and above	3	5	8	0.1
	Total	6442(77%)	1933(23%)	8375	100

6.2 The Top Ten Shareholders

The following table lists the top ten shareholders as at 30th September 2019. The number of shares owned by the top ten shareholders was **539,542** shares. In percentage terms, **21.83%** of total shares sold to date.

Table 3 The top ten shareholders.

No	Name	Number of Shares	%
1	U Aung Moe Kyaw	97,130	3.92%
2	Daw Shwe Sin	81,500	3.03%
3	Daw Mar Mar Tun	67,357	2.72%
4	U Nay Lin Oo	62,726	2.54%
5	U Maung Maung Thein	54,671	2.62%
6	U Li Ji Joon	39,788	1.61%
7	Dr. Sein Maung	39,782	1.60%
8	U Tun Win Naing	37,040	1.50%
9	U Khin Maung Phay	30,000	1.21%
10	U Sai Maung Myint	29,548	1.20%
	Total	539,542	21.83%

7. Share Ownership by FPB Board of Directors

The following table lists the number of shares owned by each elected or independent director of FPB's Board of Directors and the number of meetings each attended throughout the whole financial year.

Table 4 Share ownership by FPB's Board of Directors.

No	Name of Directors	Number of shares	Attendance of BOD Meetings
1	Dr. Sein Maung	39,782	12 times
2	Daw Hla Hla Win	7,260	11 times
3	U Tun Saing	3,114	8 times
4	U Myo Tun	13,920	7 times
5	U kaung	23,084	11 times
6	Dr. Tin Kyi	5,970	8 times
7	U Han Myint	6,788	6 times
8	U Myint Lwin	12,500	10 times
9	U Htin Aung Kyaw Oo	12,345	9 times
10	Dr. Tin Thein	282	8 times
11	Dr. Aung Min	302	10 times
12	U Thein Myint	543	6 times
13	U Kap Kin Paung (Independent Director)	151	9 times
	Total	126,041	

As at 30 September 2019, the number of shares owned by FPB's Board of Directors was **126,041** shares. In percentage terms, **5.10%** of total shares sold to date.

8. Profit for Transition FY 2018 (01-04-2018 to 30-09-2018)

The Myanmar government changed the financial year from April-March to October-September in early 2018. The six-month period, from 1st April 2018 to 30th September 2018, was designated as the transition financial year.

Total income for transition FY 2018 (6 months), **12,866.87 million kyats**, was higher than that for the 1st half of FY 2017-2018, **12,049.27 million kyats**, higher by **6.78%**. While income grew, expenditures also rose.

Total expense for transition FY 2018 (6 months), **9,668.71 million kyats**, was higher than that for the 1st half FY 2017-2018, **8,056.99 million kyats**, an increase of **20%**.

The profit before tax for transition FY 2018 (6 months), **3,198.16 million kyats**, was lower than that for the 1st half of FY 2017-2018, **3,992.28 million kyats**. The fall in profit by **794.12 million kyats** or **19.89%** was due to the increase in expenditure being higher than the increase in income.

A detailed comparison of income and expenditure for transition FY 2018 and 1st half of FY 2017-2018 are provided in the following table.

Table 5 Comparison of income and expense for transition FY 2018 and 1st half FY 2017-2018 (kyats in millions)

Particulars	FY 2017-2018 (6months)	FY 2018 (6months)	Growth %
Revenue			
Interest Income	10,492.40	11,336.68	8.05
Other Income	1,556.87	1,530.19	-1.72
Total Revenue	12,049.27	12,866.87	6.78
Expense			
Interest Expense	6,705.82	7,905.61	17.89
Operating Expense	1,351.17	1,763.10	30.49
Total Expense	8,056.99	9,668.71	20.00
Profit Before Tax	3,992.28	3,198.16	-19.89

9. Profit for Full FY 2018-2019 (01-10-2018 to 30-9-2019)

Total income for FY 2018-2019, **26,235.10 million kyats**, was higher than that for FY 2017-2018, **24,335.27 million kyats**, higher by **7.80%**. While income grew, expenditures also rose.

Total expense for FY 2018-2019, **18,490.53 million kyats**, was higher than that for FY 2017-2018, **16,534.18 million kyats**, an increase of **11.83%**. Contributing to the higher expenditure was the increase in depreciation and amortization expenses (by **423.44 million kyats**) for servers and software, respectively, for the new core banking system.

The profit before tax for FY 2018-2019, **7,744.57 million kyats**, was slightly lower than that for FY 2017-2018, **7,801.09 million kyats**. The fall in profit by **56.52 million kyats** or **0.72%** was due to the increase in expenditure being higher than the increase in income.

A detailed comparison of income and expenditure for FY 2018-2019 and FY 2017-2018 are provided in the following table.

Table 6 Comparison of income and expense for FY 2018-2019 and FY 2017-2018 (Kyats in millions)

Particulars	2017-2018	2018-2019	%
Revenue			
Interest Income	21,045.28	23,123.45	9.87
Other Income	3,289.99	3,111.65	5.42
Total Revenue	24,335.27	26,235.10	7.80
Expense			
Interest Expense	13,843.10	14,821.02	7.06
Operating Expense	2,691.08	3,669.51	36.10
Total Expense	16,534.18	18,490.53	11.83
Profit Before Tax	7,801.09	7,744.57	-0.72

10. Appreciation of Equity per Share

The value of net assets or equity (i.e. total assets – total liability) of shareholders was **58,665.65 million kyats** on 31st March 2018 and grew to **62,509.20 million kyats** on 30th September 2019, an increase in value by **6.55%**. Similarly, the book value per share was **23,731.55 kyats** on 31st March 2018 and rose to **25,286.35 kyats** on 30th September 2019, an increase in value by **1,554.80 kyats**.

Shareholders equity and book value per share for FY 2018-2019 are compared with those for FY 2017-2018 in the following table.

Table 7 The increase in the value of shareholders' equity

(Kyats in millions)			
No	Particulars	2017-2018	2018-2019
1	Paid-up Capital	24,720.53	24,720.53
2	Share Premium	11,846.12	11,845.88
3	Statutory Capital Reserve	13,506.65	15,695.20
4	General Reserve for Bad Debts	3,512.04	3,608.43
5	Contingency Reserve Fund	101.70	102.56
6	Other Reserve Fund	8.12	8.12
7	Dividend Reserve	4,970.73	6,528.49
	Total Equity of Shareholders	58,665.65	62,509.20
	Book Value per Share*	23,731.55	25,286.35

* If FPB's real estates and buildings were assessed at market value rather than historical purchase cost, the fair value per share would be 31,728 kyats as at 30th September 2019.

11. Appropriation of the Gross Profit for FY 2018-2019

The profit before tax was **7,744.57 million kyats** at 30 September 2019. The profit before tax was appropriated as follows.

Table 8 The distribution of profit before tax for FY 2018-2019.

No	Particulars	Amount (kyats in millions)
1	Corporate Income Tax (20%)	1,548.91
2	Statutory Capital Reserve (25%)	1,548.91
3	Retained Earnings	4,646.75
	Total	7,744.57

12. The Financial Ratios for FY 2018-2019

Table 9 provides a comparison of the key financial ratios for FY 2018-2019 with those for FY 2017-2018. The liquidity ratio and capital adequacy ratio are calculated according to the calculation instructions provided by the Central Bank of Myanmar.

Table 9 Comparison of key financial ratios of FY 2018-2019 with those for FY 2017-2018.

No	Particulars	2017-2018	2018-2019
1	Liquidity ratio	23.12%	33.85%
2	Capital Adequacy ratio (Tier 1)	22.17%	23.16%
3	Capital Adequacy ratio (Tier 1 + Tier 2)	23.42%	24.41%
4	Debt Ratio (Total Assets by Total Liabilities)	1.3 :1	1.28:1
5	Return on Capital (Paid-up Capital)		
	Before Tax	31.56%	31.33%
	After Tax	25.25%	25.06%
6	Total Equity to Paid-up Capital ratio	2.37: 1	2.53: 1
7	Return on Assets (ROA)	2.49%	2.14%
8	Price to Earnings per Share (PE) ratio*	10.69	10.37
9	Earnings per share (Kyat)	2,524.57	2,506.28
10	Book value per share** (Kyat)	23,732	25,286

* Price to earnings ratio is calculated using YSX closing share price at financial year end, 30/09/2019.

**Book value per share is calculated based on historical or original cost of assets.

13. Provision for Dividends for FY 2018-2019

For the 2018 six-month, transition financial year (ending on 30th September 2018), the provision for dividends was **1,881.74 million kyats**. For the 2018-2019 financial year (ending on 30th September 2019), the provision for dividends was **4,646.74 million kyat**. As at 30 September 2019, dividend reserve (or retained earnings for dividend) was **6,528.49 million kyats**.

Dividends have been paid 25 times from FY 1993-1994 to FY 2017-2018; the total dividend paid out to date was **36,965.05 million kyats**. As at 30-9-2019, FPB' paid-up capital was **24,720.53 million kyats**. The amount of dividend paid out throughout the life of FPB exceeds its paid-up capital by **12,244.52 million kyats**.

14. Shareholders Eligible for Dividends

Since First Private Bank is listed on the Yangon Stock Exchange (YSX) and its shares are traded on YSX, it is necessary to determine the shareholders eligible for dividends. The board of directors decided, at BOD meeting (9/2019) held on 27th September 2019, that shareholders on record at the

closing of YSX on 30th September 2019 (or on YSX records as at 4th October 2019) will be eligible to receive dividends paid for 2018-2019 financial year.

15. Central Bank of Myanmar's Directive on Dividend Pay Outs

In order to pay dividends to shareholders, First Private Bank must satisfy the requirements stated in Article 40 of Financial Institutions Law (2016) and Central Bank of Myanmar Directive (5/2017) issued on 7th March 2017.

Article 40 of Financial Institutions Law (2016) requires total bank assets must not be less than total liabilities and paid-up capital. FPB satisfies this requirement.

FPB can also satisfy the requirements of CMB Directive (5/2017). The requirements prescribed in that directive can be summarized as follows.

1. A minimum average capital adequacy ratio (CAR) of 8% for the current financial year and the two years prior. (Since FPB's CAR was **24.56%** on March 2017, **15.42%** on March 2018, **14.74%** on March 2019, **16.41%** on September 2019, it not only meets but exceeds the CAR requirement.)
2. External auditors find no material errors that impact profits.
3. A statutory capital reserve (FPB's is **15,695 million kyats**) and a loan loss reserve (FPB's is **3,608 million kyats**) be properly maintained and provisioned as per Article 35 of Financial Institutions Law (2016).
4. Dividends must be paid from retained earnings (or net profit that has not be drawn or used). The total amount of dividends paid out in current financial year must not exceed the net profit made in the previous financial year.
5. External auditors do not object to payment of dividends.
6. The amount of net non-performing loans (NPL) must not exceed 5% of the total outstanding loans & overdrafts amount. (Except for FPB's total NPLs making up 5.56% of total outstanding loans & overdraft as at 9th October 2019, FPB had met all the above requirements.)

16. BOD Resolution to Pay Dividends

The Board of Directors of FPB decided at BOD Meeting (10/2019) to pay dividends to shareholders for the 2018-2019 financial year.

17. Corporate Income Tax

First Private Bank has paid the proper amount of corporate income tax every year. For FY 2017-2018, FPB was ranked the 27th largest taxpayer in the country and 6th largest taxpayer among local banks.

- For the 2018 six-month transition financial year that ended on 30th September 2018, the corporate income tax paid was **639.9 million kyats**.
- For FY 2018-2019 that ended on 30th September 2019, the corporate income tax paid was **1,548.91 million kyats**, while profit before tax was **7,744.57 million kyats**.

The total amount of corporate income tax paid to the state since its founding, from FY 1992-1993 to FY 2018-2019, is **21,369 million kyats**.

The following table shows the gross profit, income tax paid and dividend paid or provisioned throughout the life of FPB from FY 1992-1993 to FY 2018-2019.

Table 10 Comparison of Profit, Dividends and Corporate Income Tax

(kyats in millions)				
No	Financial Year	Profit	Income Tax	Dividend
1	1992-1993 to 2012-2013	31,401	9,126	14,347
2	2013-2014	8,048	2,011	4,000
3	2014-2015	8,762	2,189	4,410
4	2015-2016	8,549	2,137	4,320
5	2016-2017	8,633	2,158	4,944
6	2017-2018	7,801	1,560	4,944
7	2018 (6months)	3,198	639	1,881
8	2018-2019	7,745	1,549	4,647
	Total	84,137	21,369	43,493

18. Deposits in FY 2018-2019

Deposits grew in FY 2018-2019. At the end of FY 2018-2019, the total deposit amount was **205,515.59 million kyats**, a growth of **20,361.57 million kyats** or **10.99%**, compared with that at end of FY 2017-2018, **185,157.78 million kyats**.

Corresponding to the deposit growth, interest expense for deposits rose to **14,821.02 million kyats** for FY 2018-2019 from **13,843.10 million kyats** for FY 2017-2018 FY, an increase of **977.92 million kyats** or **7.06%**. The following table compares deposits by product type for FY 2018-2019 and FY 2017-2018.

Table 11 Total Deposit amount and deposits by product type for FY 2018-2019 compared with FY 2017-2018 (kyats in millions).

No	Particulars	2017-2018	2018-2019	% Growth
1	Current Deposit	12,757.43	27,410.76	114.86
2	Saving Deposit	101,069.45	119,300.83	18.04
3	Fixed Deposit	68,526.64	56,085.70	-18.16
4	Called Deposit	2,710.23	2,617.00	-3.44
5	Mobile Money	94.03	105.06	8.07
	Total	185,157.78	205,519.35	10.99

19. Lending in FY 2018-2019

19.1 Size of Loans & Overdrafts Portfolio

First Private Bank's loans & overdrafts portfolio grew to **179,397.78 million kyats** at the end of FY 2018-2019, a growth of **2.16%** or **3,795.86 million kyats**, from **175,601.92 million kyats** at end of FY 2017-2018. The ration of loans to overdrafts was 9 to 1, satisfying the Central Bank of Myanmar Directive (7/2017) that overdrafts do not constitute more than 20% of the entire loans and overdrafts portfolio. The following table provides a breakdown of the loans & overdrafts portfolio by product/collateral, sanctioned loan amount and number of accounts.

Table 12 A breakdown of the loans & overdrafts portfolio by product/collateral, sanctioned loan amount and number of accounts.

		2017-2018		2018-2019	
No	Collateral or Product Type	Accounts	Kyat (millions)	Accounts	Kyat (millions)
1	Land and Building	994	175,491.43	1,113	173,006.79
2	Fixed Deposit	41	57.40	24	36.40
3	Gold and Jewellery	1	9.00		
4	Hire Purchase	12	44.09	12	204.56
5	Project Loan			2	187.50
6	SME Loan			25	5,827.50
7	Staff Loan			363	135.04
	Total	1,048	175,601.92	1,539	179,397.79

19.2 Lending by Sectors and Segments

The following table compares lending by industrial sector and customer segment for FY 2018-2019 with that for FY 2017-2018.

Table 13 A comparison of FY 2018-2019 lending to industrial sectors and customer segments with those for FY 2017-2018.

				(Kyats in millions)	
No	Industry or Customer Segment	2017-2018		2018-2019	
1	Industry (agriculture, construction, utilities etc.)	4,350.94		4,352.71	
2	Trading	90,994.81		85,090.46	
3	Manufacturing	24,177.97		26,864.53	
4	Retail & Services	56,034.11		56,922.99	
5	Hire Purchase	44.09		204.56	
6	SME Loan			5,827.50	
7	Staff Loan			135.04	
	Total	175,601.92		179,397.79	

19.3 Lending to SMEs

In order to support and finance Myanmar SMEs as part of its overseas development assistance (ODA) program), Japan International Cooperation (JICA) has been providing low interest rate two-step loans, through government owned Myanmar Economic Bank to selected local private banks.

FPB was selected this financial year as a participating financial institution (PFI) by JICA to offer JICA's two-step SME loans to local SMEs. FPB signed an agreement with government owned Myanmar Economic Bank on 6 September 2018 to participate in JICA's two step-loan program. Since 30 September 2019, FPB has disbursed loans worth a total of **5,827.50 million kyats** to 25 local SMEs.

19.4 Lending to Related Parties

At the end of FY 2018-2019 (30th September 2019), there were ten cases of lending to parties related to Directors (i.e. members of the Board of Directors). The total amount of those ten loan accounts were **11,981.74 million kyats** (or **6.67%** of the total outstanding loans & overdrafts, **179,397.78 million kyats** at end of FY 2018-2019).

20. Non-Performing Loans (NPL) and Provision for NPLs

20.1 Loan Loss Reserve

First Private Bank maintains a general loan loss reserve of 2% of the total outstanding loans to protect against unexpected future loan losses as well as makes specific loan loss provisions to cover collateral shortfalls of specific loan accounts, once they are known, in compliance with Central Bank of Myanmar asset classification and provisioning regulation. At the end of 2018-2019 financial year (30-09-2019), FPB's total loan loss reserve was **3,608.43 million kyats**.

20.2 Recovery of NPLs

As at 9-10-2019, there were 14 non-performing loan accounts. The principal amount owed to FPB was **7,977.11 million kyats** while the interest amount owed was **1,988.75 million kyats**, altogether, **9,965.86 million kyats** or **5.56%** of total outstanding loans.

Legal proceedings to recover 11 of the 14 NPL accounts are already well underway and the status of those 11 civil lawsuits are as follow:

1. U Soe Win & Daw Moe Moe (Htike Sin Co, Yangon) (**4,184.18 million kyats** due). The lawsuit has proceeded to examination of defendants at Yangon Division Court (case #17/2018).
2. U Nay Htut Tin (Yangon) (**190.01 million kyats** due). FPB has already won the civil case against him at West Yangon District Court (case #409/2018) and is about to apply for execution of the final decree.
3. U Myo Tint & Daw Thinzar Win (Aung Lan) (**1,116.58 million kyats** due). FPB has already won the civil case against them at Magway Division Court (case #1/2019) and is about to apply for execution of the final decree.
4. Dr. Maung Htoo (Monywa) (**793.39 million kyats** due). The lawsuit has proceeded to examination of the plaintiff (FPB) at Monywa District Court (case #117/2018).
5. Daw Thet Htar Nwe (Aung Lan) (**387.87 million kyats** due). FPB had already won the civil case against her at Magway Division Court (case #2/2018) and her building collateral has already been auctioned five times to find a buyer.
6. Daw Thet Htar Nwe and son, U Theik Hti Khant Paing (Aung Lan) (**603.21 million kyats** due). Although FPB won the case against them at Magway Division Court (case #29/2018), the court was ruled acting beyond its jurisdiction and the case was closed. As a result, FPB is opening the case again at a relevant court.
7. U Aung Theik (Kyauk Pandaung) (**354.05 million kyats** due). The lawsuit has proceeded to examination of the plaintiff (FPB) at Nyaung Oo District Court (case #1/2019).
8. U Sai Aung (**643.10 million kyats** due). Taung Gyi District Court (case #36/2018) has already issued an interim degree in favour of FPB.
9. Daw Hla Yee and daughter, Daw San San Htwe (**139.07 million kyats** due). FPB has already won the case against them at Thayet District Court (case #14/2019); and is about to apply for execution of final decree as well as submit the auction floor price for collateral.
10. U Kyi Myint & Daw Mya Mya Sein (Magway) (**33.66 million kyats** due). The Magway District Court (case #62/2019) has already issued an interim degree in favour of FPB.
11. Daw San Yin Nu (Taunggyi) (**79.67 million kyats** due). A case had already been opened against the defendant at Taunggyi District Court (case #132/2019).

Negotiations to reschedule payment terms are already well underway with the following three NPL accounts.

1. Myat Min Co. Ltd (Yangon) (**1,250 million kyats** due). Attorney’s notice has already been sent.
2. U Saw Thein Shwe (Hpa-an) (**186.57 million kyats** due). Attorney’s notice has already been sent.
3. U Kyaw San Htay (Aung Pan) (**4.5 million kyats due**). Attorney’s notice has already been sent.

20.3 Outstanding NPLs

Compared with the amount of non-performing loans (**7,378 million kyats**) at end of 2017-2018 financial year, the amount of non-performing loans (**9,965.86 million kyats**) at end of 2018-2019 financial year is much higher.

The main reasons for the increase in NPL were due to (1) the adoption of a new NPL classification system by the Central Bank of Myanmar and (2) the loan repayment default by a company called, Myat Min Co. Ltd., whose loan was guaranteed by FPB Director U Phyo Hla Wai, who also happened to be the Managing Director of that company owned by his parents.

Table 14 List of non-performing loans at end of FY 2018-2019

No. of Accounts	New NPL Classification	Loan Amount (millions in kyats)	%	Measures Taken
11 (Individuals)	Loss	8,524.79	4.75	Already filed lawsuits.
2 (Individuals)	Doubtful	191.06	0.11	Sent attorney’s notice.
			4.86	
1 (Company)	Doubtful	1,250.00	0.7	Sent attorney’s notice.
Total=14		9,965.86	5.56*	

(*Under previous NPL classification only 4.75%)

Despite the growth in NPL amount, the likelihood of loss given default is negligible because the collaterals adequately cover the loans, lawsuits to recover the NPLs have been filed in court, and the directors & bank supervision committee are diligently working on the recovery of NPLs.

Furthermore, the loss given default, of the outstanding NPLs was estimated as **18.08 million kyats**. FPB’s current general loan loss reserve to write off bad debts is **3,606 million kyats**. Therefore, the outstanding NPLs do not pose a serious credit risk.

21. Foreign or International Banking Services

21.1 Retail Money Changer License

First Private Bank received its money changer license (CBM-FEMD 8/2011) for retail foreign exchange (FX) trading from Central Bank of Myanmar on 24th October 2011. Since the granting of money changer license, money changer counters have been opened at FPB's Yangon Head office branch and 22 other branches. Our money changer counters currently trade (i.e. buy and sell) in the following foreign currencies: US dollar (USD), Singapore dollar (SGD), Euro (EUR), Thai baht (THB) and Malaysian ringgit (MYR).

21.2 Wholesale FX Trading & International Banking License

First Private Bank received its foreign exchange authorized dealer license (CBM-FEMD 93/2012) from the Central bank of Myanmar on 24th August 2012. The FX authorized dealer license allowed bank to engage in wholesale (or inter-bank) FX trading as well as provide international banking & financial services to customers. FPB started providing international banking services to its customers on 2nd October 2012, beginning from Yangon Head Office branch.

International banking services provided by FPB include (1) banking services such as the opening of foreign currency denominated current accounts, domestic foreign currency account transfers, (2) financial services such as international fund transfers via SWIFT and international remittance via Western Union and (3) trade finance services such as export and import letters of credit.

21.3 International Remittance in Collaboration with Western Union

FPB signed an agreement with the US based international remittance service provider Western Union (WU) on 12th January 2013 to become a WU remittance agent in order to provide international remittance services in Myanmar.

Initially, FPB in partnership with WU provided real time, in-bound remittance services to Myanmar from over 70 countries. FPB received approval from Central Bank of Myanmar to provide out-bound remittance services from Myanmar to overseas on 6th January 2016. Since then, FPB in partnership with WU has been providing both in-bound as well as out-bound international remittance services to its customers.

The international remittance business is thriving and has been a good source of fee income. In FY 2018-2019, the fee income received from Western Union for international remittance services was **182.35** million kyats, **30.60 %** higher than the previous year's fee income.

21.4 Fee Income from Foreign Banking Services

For 2018-2019 financial year, FPB earned **750.97 million kyats** from foreign banking services. A comparison of fee income from foreign banking services for FY 2018-2019 and FY 2017-2018 is provided in the table below.

Table 15 Comparison of fee income from foreign banking services for FY 2018-2019 and FY 2017-2018

(kyats in million)

No	Fee Income	2017-2018	2018-2019	% Growth
1	Banking Service	129.68	70.96	-45.28
2	Western Union Remittance	139.43	182.35	30.60
3	Currency Exchange	28.41	29.47	3.73
4	Account Transfer	353.15	468.19	32.57
	Total Income	650.67	750.97	15.41

22. “My Kyat” Mobile Wallet

First Private Bank was granted approval to provide mobile banking and mobile financial services by the Central Bank of Myanmar on 30th June 2014. FPB launched its mobile wallet service named My Kyat in partnership with local fintech Frontier Technology Partners Ltd. on 7th May 2015. The target market for My Kyat mobile wallet is the unbanked population. FPB aims to deliver financial services to the unbanked customers through its My Kyat mobile wallet. My Kyat mobile wallet app is supported on android phones and can be downloaded from Google play store on the Internet.

Through My Kyat mobile wallet, users have access to services such as cash-in, cash-out, remittance, bill payments (e.g. electricity, municipal and telephone bills), phone top-up, online game purchase, ticket purchases (e.g. highway bus ticket and flight ticket), hotel room booking and retail payments (e.g. restaurants and shops). More services will be added to My Kyat mobile wallet as we continue to improve the product.

There are currently **64,118** users of My Kyat mobile wallet and **68** merchants accepting My Kyat mobile wallet. My Kyat mobile wallet is currently being serviced by an agent network of **1,270** authorized agents throughout the 14 states and divisions of Myanmar and the government administrative capital, Nay Pyi Taw. The agent network includes **708** township post offices (acting as agents as part of FPB’s partnership with Myanmar Post Office), all FPB bank branches and other FPB appointed My Kyat agents.

Our My Kyat mobile wallet business has been steadily growing since its launch in 2015. The recent fee income earned from My Kyat mobile wallet was **5.525 million kyats** for the 2017-2018 financial year and **13.640 million kyats** for the 2018-2019 financial year.

23. FPB Share Trading on Yangon Stock Exchange (YSX)

The Board of Directors received the mandate to list on YSX at the 24th Annual General Meeting of shareholders held on 29th November 2015. The Board of Directors decided to list FPB shares on YSX at BOD meeting held on 7th December 2015. FPB applied to YSX for listing on 8th December 2015 and became listed on YSX on 20th January 2017.

On 30th September 2019, the closing price per FPB share was **26,000 kyats** at YSX. The total trade in value of shares from 20/1/2017 to 30/9/2019 was **369,098 shares** valued at **9,860.27 million kyats**.

24. Core Banking System Upgrade Project

To become a digital bank and to provide modern banking services to its customers, FPB purchased Fusion Banking Essence core banking system from Finastra Ltd. (formerly, Misys), based in London, UK, by signing a software license agreement on 28-2-2017. The service agreement to implement that core banking system was signed with Finastra on 15-5-2017.

The project to implement the new core banking system with Finastra kicked off on 15-6-2017. User acceptance tests (UAT) were conducted three times in 2018, namely, the 1st test on 19-2-2018, the 2nd test on 27-8-2018 and the 3rd test on 19-11-2018. Unfortunately, the three UAT tests were unsuccessful. If core banking system cannot be implemented successfully as per contract, FPB is prepared to replace it with a more suitable system from another vendor.

To become a modern bank that provides good customer service, FPB needs a core banking system that can meet its present as well as future business needs. But simply purchasing and implementing a core banking system alone will not automatically transform the bank. The necessary business side preparations must be implemented to achieve successful business transformation, such as, (1) the design of Chart of Accounts or General Ledger, (2) the preparation of financial accounting handbook, (3) the preparation of reporting handbook and (4) documentation of business work flow. Currently, the first three business side preparatory tasks are almost 90% complete.

While the necessary business side preparations are being carried out, the necessary technical infrastructure is also being implemented in parallel. The enterprise network connecting branches to bank's data centre is being implemented and is expected to be completed by the end of 2020. Currently, 12 branches in the regions of Yangon, Mandalay, Naypyitaw, Monywa and Pakokku have already been connected to bank's data centre.

Skillful and qualified staff are needed to manage bank's IT systems and infrastructure. FPB's IT department currently has a staff of six people. FPB will be searching and recruiting additional staff to strengthen its IT department. After upgrading its core banking system, FPB will be implementing internet banking and mobile banking for its customers

From 15th June 2017 to 30th September 2019, the total expenditure for software licence fees was **USD 1,317,003 (1,819.86 million kyats)** and the total expenditure for hardware infrastructure (server, network and data centre) was **692.62 million kyats**. The total expenditure, so far, for core banking upgrade project was **2,512.48 million kyats**.

25. Investment in Government Treasury Bonds

In order to offset interest expense as well as earn interest income, FPB has invested in government treasury bonds. At the end of 2018-2019 financial year, the par value (or face value) of treasury bonds held by FPB was **23,000 million kyats (or 23 billion kyats)**. The interest income made from the investment in treasury bonds was **1,947.5 million kyats, 8.42%** of FPB's total interest income.

26. Shares in Myanmar Payment Union (MPU)

In order to provide payment card products & services to customers, Board of Directors of FPB decided at BOD meeting (6/2015) to become a shareholder and member of Myanmar Payment Union. FPB purchased **20,000 shares (10,000 kyat per share)**, amounting to **200 million kyats**, from MPU on 23-9-2015.

MPU is currently the only electronic payment service provider in Myanmar that performs domestic and regional switching, clearing and settlement of all electronic payment transactions. FPB plans to connect to MPU once it has decided on its payment card business model, card management system, ATM (automatic teller machine) and POS (point of sale) payment switches.

27. Land and Buildings Owned by FPB

27.1 Value of Current Real Estate Portfolio

At the end of 2018-2019 financial year (30th September 2019), FPB owned 47 real properties (land and associated buildings). The total original or historical cost of these properties, including building construction and upgrade costs, was **8,964.68 million kyats**. The total market value of bank owned real properties, estimated by bank's assessors in April 2019, was **24,888.62 million kyats**. The total market value of FPB's real estate portfolio is higher than the total original cost by **15,923.94 million kyats**.

27.2 Properties Purchased During the Year

On 24th July 2019, FPB purchased through auction three adjacent real properties in Tayawgone Ward, Thayet District, Aung Lan Township, Magway Division (land survey block no. 4-Tayawgone). The land sizes of the three properties and their adjunct buildings are as follows: (1) 0.087 acres with a two-storey house (plot #265), (2) 0.087 acres with a warehouse (plot #263) and (3) 0.097 acres with a factory (plot #267). The total auction cost of the three real properties was **1,131.50 million kyats**.

28. Bank Branches

28.1 Current Branch Network

FPB's first head office was opened in Yangon on 6th October 1992. At the end of 2018-2019 financial year (30th September 2019), FPB had a branch network of 35 operating branches, including Yangon and Naypyitaw head offices.

The Board of Directors of FPB has adopted a policy of opening at least one branch in each Division or State in Myanmar. FPB has already opened branches in 13 out of 14 States/Divisions in Myanmar, except Rakhine State.

The number of branches in each of the 13 States/Divisions are as follows:

	State or Division	# of Bank Branches
1	Yangon Division	6
2	Mandalay Division	3
3	Magway Division	7
4	Sagaing Division	4
5	Tanin Tharyi Division	3
6	Ayeyarwaddy Division	2
7	Bago Division	1
8	Shan State	2
9	Kaya State	1
10	Kayin State	2
11	Mon State	1
12	Kachin State	1
13	Chin State	1
14	Naypyitaw (Government Capital, Mandalay Division)	1
	Total	35

28.2 New Branches Scheduled for Opening

1. Shwe Bo Township, Sagaing Region

A new bank branch, built on bank-owned freehold land, in Shwe Bo Township, Sagain Region (at No. 129, 2nd Ward, South of Pyin Market) is scheduled for opening in December 2019.

2. Mindat Township, Chin State

Another new bank branch, currently being built on bank-owned leasehold land, in Mindut Township, Chin State (at No. 1, Mindut-Matupi Road, West Ward) is scheduled for opening in the coming financial year (2019-2020).

28.3 Mini-Branches Closed During the Year

FPB's Board of Directors decided at BOD meeting (5/2019) to close Thingangyun mini-bank and Magway mini-bank in order to reduce operating costs and increase profits.

29. The Board of Directors

Article 81 of First Private Bank's Articles of Association states that the size of the BOD, including Chairman, shall be no fewer than 15 and no more than 21.

While a resolution was made at the previous 27th Annual General Meeting held on 26th August 2018, to form the BOD with 15 elected directors and 2 independent directors, altogether 17 members, only one independent director has been appointed so far.

At the previous 27th Annual General Meeting, five directors vacated their positions as their three-year terms in office had expired. Four of them stood for re-election and were re-elected, joined by a newly elected director. The five directors elected to the BOD were 1) Dr. Sein Maung, 2) Dr. Tin Thein, 3) Dr. Aung Min, 4) U Han Myint, 5) U Thein Myint.

The special meeting (1/2018) of the board of directors held on the same day, after the Annual General Meeting, formed the new board of directors with the following as members: 1) Dr. Sein Maung, 2) Daw Hla Hla Win, 3) U Tun Saing, 4) U Kaung, 5) U Myo Tun, 6) Dr. Tin Kyi, 7) U Han Myint, 8) Daw Hla Hla Yee, 9) U Myint Lwin, 10) Dr. Tin Thein, 11) U Nay Lin Oo, 12) U Htin Aung Kyaw Oo, 13) U Phyo Hla Wai, 14) Dr. Aung Min, 15) U Thein Myint, 16) U Kap Kin Paung (Independent Director).

29.1 Chairman of BOD

Article 82 of First Private Bank's Articles of Association states that a full-time Chairman of BOD must be elected by the Directors.

At the special meeting (1/2018) of the board of directors held on the same day, 26th August 2018, after the 27th Annual General Meeting, the Directors unanimously elected, Dr. Sein Maung, as Chairman of the Board.

29.2 Secretary of BOD

At the special meeting (1/2018) of the board of directors held on the same day, 26th August 2018, after the 27th Annual General Meeting, the Directors elected Daw Hla Hla Win as Secretary and U Myint Zaw (Chief Executive Officer) as Joint Secretary of the Board.

29.3 Independent Directors

According to the Central Bank of Myanmar (CBM) Directive (9/2019), when the size of the BOD is not more than 11 members (i.e. 11 or less), one member must be a non-shareholding, independent director; when the size of the BOD is more than 11 members, two members must be non-shareholding, independent directors.

Prior to CBM Directive (9/2019), FPB BOD had already appointed two independent directors, namely 1) Dr. Tin Win and 2) U Kap Kin Paung. For professional reasons, Dr. Tin Win resigned as independent director on 26th August 2017, leaving the BOD with only one independent director. A new independent director candidate submitted by FPB was not approved by Central Bank of

Myanmar. FPB BOD has been searching for a fit and proper candidate ever since to fill the vacant independent director role.

29.4 Board of Director Meetings

The Central Bank of Myanmar (CBM) Directive (9/2019) requires the Board of Directors of any bank to hold regular meetings at least 12 times a year.

During the previous financial year, from 1st October 2018 to 30 September 2019, the Board of Directors held 12 regular monthly meetings and two extraordinary meetings. In addition to BOD meetings, the board-level credit committee also held 46 credit assessment meetings, almost one every week.

29.5 Resignation of Members of BOD

1. Director U Nay Lin Oo submitted his resignation at BOD Meeting (9/2018) held on 21 September 2018 and it was accepted.
2. Director Daw Hla Hla Yee submitted for her resignation on 9 May 2019. The loan customer whom she guaranteed is preparing to sell off the building collateral to pay back the loan.
3. Director U Phyo Hla Wai submitted his resignation on 25 May 2019. U Phyo Hla Wai is the Managing Director of Myat Min Co. Ltd and a guarantor for the bank loans taken by his company. Myat Min Co. Ltd has defaulted on loan principal repayments due to FPB.

The BOD meeting (5/2019) held on 25 May 2019 decided to allow Daw Hla Hla Yee and U Phyo Hla Wai to resign, once the loans they had guaranteed are paid back in full.

29.6 Full-time Directors

Directors working full time at the bank are (1) Dr. Sein Maung (Chairman), (2) Daw Hla Hla Win (Secretary), (3) Dr. Aung Min (CIO) and (4) U Myint Zaw (CEO).

29.7 Remuneration for Full-Time Directors

For the 2018-2019 financial year, the total remuneration awarded to the full-time directors was **156.21 million kyats**.

29.8 Remuneration for Part-Time Directors and Branch Supervision Committee

For the 2018-2019 financial year, the total remuneration awarded to part-time directors and advisors was **23.04 million kyats**.

29.9 Branch Supervision Committees

A unique feature of FPB's corporate governance model is the organization of a Branch Supervision Committee for each branch made up of Director(s), consultants, local business owners and shareholders.

One function of the Branch Supervision Committee is to assess the business and collateral of loan applicants applying for loans at the branch and to sanction suitable loan amounts. For the 2018-2019 financial year, the meeting expenses for the Branch Supervision Committee amounted to **9.18 million kyats**.

30. Organization of Board Committees

According to the Myanmar Financial Institutions Law (2016) and regulations of the Central Bank of Myanmar, the Board of Directors must establish the following mandatory board-level committees, comprising of directors and senior executives, to oversee banking operations and ensure good corporate governance.

30.1 Risk Management Committee

The Risk Management Committee includes Dr. Sein Maung (Chairman), Daw Hla Hla Win (Executive Director), U Myint Zaw (Chief Executive Officer), Daw Mi Mi Naing (General Manager, Foreign Banking Department), Daw Soe Soe Win (General Manager, Loans Department), U Aung Myo Htut (General Manager, Cash Department) and U Myo Min Cho (General Manager, Mobile Banking Department).

30.2 Credit Committee

By the resolution of special board meeting (1/2018) held on 26 August 2018, the Credit Committee is organized with all Directors as members. According to the rules of the Credit Committee, at least five directors must attend each Credit Committee meeting.

30.3 Remuneration Committee

The Remuneration Committee is organized with six Directors as follows: U Tun Saing (Chairman), Daw Hla Hla Win (Member), U Kaung (Member), U Myo Tun (Member), U Myint Lwin (Member) and Dr. Tin Kyi (Member).

30.4 Shareholders' Audit Committee

Shareholders Audit Committee is organized by shareholders and its members are shareholders elected at each annual general meeting. The current committee members, Daw Hla Myint, Daw Khin Htay Yu and Daw Khin Thidar, were elected by shareholders at the 27th Annual General Meeting held on 26 August 2018.

30.5 Asset & Liability Management Committee

As mandated by the Myanmar Financial Institutions Law (2016), the Asset & Liability Management Committee has been organized with the following senior executives: the CEO and the General Managers of Accounts, Loans, Cash, Foreign Banking, and Mobile Wallet Departments. The key role of ALM committee is to manage liquidity risk, interest rate risk and mismatches between assets and liabilities.

30.6 Compliance Committee

As mandated by the Myanmar Financial Institutions Law (2016), the Compliance Committee has been organized with the following senior executives and managers: the CEO, General Managers of Accounts, Loans, Cash, Foreign Banking, and Mobile Wallet Departments and Branch Managers.

31. Human Resource Management

At the end of 2018-2019 financial year, FPB had 35 bank branches (including Head Office) and a workforce of **644** staff. Out of 644, **160** were managers, holding the position of deputy manager or above, **301** were bank branch operational staff, ranging from supervisor to entry level and the remaining **183** were general office staff (e.g. drivers, cleaners, security, etc.).

The salary & benefits paid out for FY 2017-2018 and FY 2018-2019 were **1,809.31** million kyats and **2,030.69** million kyats respectively. The salary & benefits awarded to our staff was higher, (by **221.38** million kyats) in FY 2018-2019. The salary & benefits made up **55.32%** of bank's total expenses.

31.1 Senior Management Team

The day-to-day operation of the bank is managed by a team comprising of an Executive Director (member of BOD), Chief Executive Officer and General Managers.

General managers are heads of the functional departments. Currently, FPB has four general managers. Namely, U Aung Myo Htut (Cash Department), Daw Soe Soe Win (Loans Department), Daw Mi Mi Naing (Foreign Banking Department) and U Myo Min Cho (Mobile Banking Department). Each of them is responsible for the smooth operation of his/her department and coordination among departments.

31.2 Remuneration for Senior Management

For 2018-2019 financial year, the salary & benefits paid to general managers was **69.72** million kyats.

31.3 Bonus for All Staff

In 2017-2018 financial year, salary bonuses paid to all 631 staff from the then 34 branches (including Head Office) amounted to **187.56** million kyats. Salary bonuses for 2018-2019 financial year is currently being arranged.

31.4 Staff Welfare

FPB has a **staff welfare fund** to support employees in time of need as well as to provide extra cost of living allowance on top of their salary. In 2018-2019 financial year, an amount of **124.69** million kyats was used from the staff welfare fund to provide financial assistance to our staff. The staff welfare fund has also been used to provide FPB staff with zero interest rate or low interest rate loans.

In addition to the staff welfare fund, FPB also has a **staff provident fund** to help its staff save for retirement. When an employee retires, he or she receives a lump sum payment from the provident fund. To encourage employees to save, FPB matches the contribution made by staff to the provident fund. The co-contribution made by the bank to the staff provident fund in FY 2018-2019 was **30.43** million kyats.

FPB also contributes its monthly share to the **government's social welfare fund** as stipulated by the Union Social Welfare Department so that FPB employees can enjoy benefits under government's social welfare programs. For 2018-2019 financial year, FPB's co-contribution for its staff to the government's social welfare fund was **31.06** million kyats.

A **healthcare fund for staff** have also been established by the board of directors to provide financial assistance to employees who are undergoing medical treatment, surgery as well as employees with emergency medical needs.

31.5 Banking Training & Professional Development

To improve and further develop their IT and business skills, FPB staff are regularly sent to attend seminars, workshops and training courses provided by the Myanmar Institute of Banking, Myanmar Banks Association, foreign banks and international organizations. To complement the external training, the in-house training program of FPB consists of on-job training, workshops and regular training courses.

Some of the highlights of FY 2018-2019's training program are

- A major workshop on SME Two-step Loan (provided by Japan International Cooperation Agency, JICA, as part of its overseas development assistance program) was held at FPB's head office for all branch managers and loan officers.
- Staff were sent to SME Two-Step Loan training courses conducted by JICA in Yangon, Mandalay and Naypyitaw.
- A general banking course (1/2019), held at FPB's head office on 3rd August 2019 for one month, was attended by 40 staff.

- Monthly work coordination meetings were held at branches and Head Office, attended by Branch Managers and Department Heads, to solve business problems, review customer feedback and improve customer service.

32. Future Planning & Objectives

The planning of future work and projects by the Board of Directors is guided by the strategic goals of contributing to financial industry & national economic development, creating value for key stakeholders (shareholders, employees and customers) and further developing FPB as a financial institution.

Listing on Yangon Stock Exchange. FPB was officially listed on Yangon Stock Exchange on 20th January 2017 and its shares began trading on the same day. The reason for listing was to create value, as well as liquidity, for shareholders and to support the development of YSX. Share price and FPB's performance are related and the Board of Directors will do their utmost to ensure share price does not fall on YSX.

Growing Branch Network. FPB plans to expand its branch network to all states and commercial centres in the country. The priority is to open more branches in the rural rather than urban areas to reach out to the still sizable unbanked population and to provide them with the necessary financial services to help alleviate poverty and promote financial wellbeing.

Modernizing Banking Systems. FPB has plans to upgrade its current legacy core banking system with a modern best-in-class core banking system to compete with local as well as international banks. A new, modern core banking system will give FPB the business agility to remain relevant and responsive to customers. The new core banking system will serve as the platform for mobile and internet banking omni-channels that will be implemented next to increase both the range and scope of bank's products and services.

Upskilling Staff & Improving Service Quality: FPB is continually working to improve, through training programs, the skills of its staff and the quality of their service so that staff will have the capability to successfully perform their tasks and provide quality service to customers. The board of directors, bank's senior management, branch supervision committees and branch management are all actively involved in improving the quality of customer service offered by our staff at head office branch, as well as, at other bank branches.

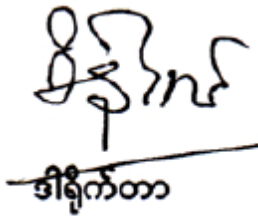
Promoting FPB's Brand. To promote FPB's prospects to potential investors and to inform existing shareholders, FPB's prospectus and financial statements are provided in its profile page on YSX (<https://ysx-mm.com>). To promote FPB's products, services and business activities to customers and shareholders, such information are provided in real time on its websites (www.fpbbankmyanmar.com, www.fpb.com.mm, www.firstprivatebank.com.mm) as well as its Facebook Page "First Private Bank".

33. Conclusion

The organized leadership by the Chairman & Board of Directors, the responsible supervision by the branch supervision committee members, the hard work by bank staff, the cooperation of shareholders and the support of customers have been critical to establishing the bank's good reputation and trust among the general public.

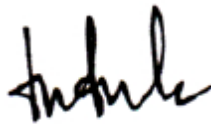
Going forward, our directors, branch supervision committee members and bank staff will continue their utmost to make FPB more successful. FPB will keep on acquiring qualified leaders and recruiting talented employees who will lead, manage and shape the future success of the bank. We would also like to urge shareholders to continue electing suitably qualified directors who will serve the bank well.

Finally, we would like to thank our directors, honorary advisors, branch supervision committee members, shareholders, customers and, last but not least, our bank staff for their dedication, commitment and contributions to another successful year for First Private Bank.



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Director
(Chairman of the Board)



Director
(Secretary of the Board)



Director