

First Private Bank Limited

**(2019-2020) Financial Year
Report of the Independent Auditor
and
Financial Statement**

**Sein Win & Associates
Accounting, Auditing & Consultancy Services**

FIRSTPRIVATE BANK LIMITED

FINANCIAL STATEMENTS:

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

REPORT OF THE INDEPENDENT AUDITOR

STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2020

STATEMENT OF CASH FLOW FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTES TO THE FINANCIAL STATEMENTS

PERIOD:

YEAR ENDED SEPTEMBER 30, 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

First Private Bank Limited

Report on the financial statements

We have audited the financial statements of First Private Bank Limited, which comprise the statement of financial position as at 30th September 2020, and the statement of profit or loss, statement of changes in equity and cash flow statement for the year ended, and summary of significant accounting policies and other explanatory notes.

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities

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 a guarantee that an audit conducted in accordance with Myanmar Standards on Auditing (MSAs) will always detect a material misstatement when it exists. Misstatement 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 statements. As part of an audit in accordance with Myanmar Standards on Auditing (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.

Basis For Qualified Opinion

The opening net book value of intangible assets, which can't be used in the future because of a cancelled agreement with the company provided service for core banking software, was MMK 1,096,349,929 .So we assumed that this intangible asset is fully impaired and company has to recognize the impairment loss immediately in profit or loss account under Myanmar accounting standards 36- Impairment of assets. But only partial amount MMK 274,087,439 was recognized in profit or loss account for this financial year and the all remaining amount of intangible asset MMK 822,262,436 may increase the profit of this financial year.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements are properly drawn up in accordance with MFRS so as to give a true and fair view of the financial position of First Private Bank Limited as of 30th September 2020, and of its financial performance and its cash flow for the year then ended on that date.

Report on legal and regulatory requirement

In accordance with the Section 280 (a) and (b) of Myanmar Companies Law, we also report that:

- (a) We have obtained all the information and explanations we have required and
- (b) Books of account have been maintained by the Company as required by Section 258 and 264 of the Myanmar Companies Law.

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



U Sein Win

Certified Public Accountant

Date:

.12.2020



ပထမ ပုဂ္ဂလိက ဘဏ် လီမိတက်
FIRST PRIVATE BANK LIMITED

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PABEDAN TOWNSHIP, YANGON. UNION OF MYANMAR.

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY

FOR FIRST PRIVATE BANK LIMITED

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

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

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

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

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

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

Going concern basis

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

Annual Report

The annual report for year ended 30th September 2020, comprising the financial statements and additional information for investors, has been approved by the Board of Directors and signed on its behalf by.

On behalf of the Board of Directors,



Director

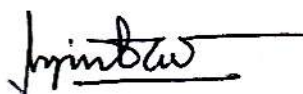


Director

First Private Bank Limited
(Incorporated in the Republic of the Union of Myanmar)
Statement of Financial Positions as at 30 September 2020

	Notes	2020 12 Months MMK	2019 12 Months MMK
Assets			
Cash & cash equivalents	4	66,742,029,314	51,639,176,625
Loans and receivables	5	141,077,812,227	179,397,787,349
Prepaid and other receivables	7	7,404,357,953	6,894,859,383
Inventories		41,471,271	31,511,338
Investments	6	20,701,300,000	24,701,300,000
Property and equipment	8	10,610,418,682	10,792,174,553
Advanced Tax		793,747,848	1,100,000,001
Acceptance, Endorsement & Guarantee		7,147,278,332	9,595,011,819
Total Assets		254,518,415,627	284,151,821,068
Authorized Capital		100,000,000,000	100,000,000,000
Paid up capital	9	24,720,530,000	24,720,530,000
Share Premium		11,845,878,597	11,845,878,597
Equity			
Statutory reserve	10	16,712,245,349	15,695,198,470
2% reserve (general provision for loans & receivables)	10	2,821,557,495	3,608,425,039
Contingency reserve	10	102,563,538	102,563,538
Other reserve	10	8,117,485	8,117,485
Retained Earning		3,983,855,165	6,528,489,076
Total Equity		60,194,747,629	62,509,202,205
Liabilities			
Deposits from customers	11	180,610,512,099	205,519,354,418
Other liabilities	12	5,495,162,642	4,936,702,791
Payment Order		53,668,046	42,635,014
Provision for income tax		1,017,046,879	1,548,914,821
Acceptance, Endorsement & Guarantee		7,147,278,332	9,595,011,819
Total liabilities		194,323,667,998	221,642,618,863
Total Liabilities and Equity		254,518,415,627	284,151,821,068

See Accompanying Notes to Financial Statements
 Authenticated by Directors ;



Chief Executive Officer



Chief Financial Officer



Director/Chairman



Director



Director

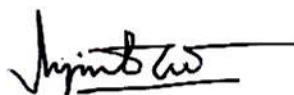
First Private Bank Limited
(Incorporated in the Republic of the Union of Myanmar)
Statement of Comprehensive Income for the year ended 30 September 2020

	Notes	2020 12 Months	2019 12 Months
Interest income		17,314,960,808	21,023,347,899
Other Interest income			
Deposit with other banks		102	40,463,204
Securities (Government Bond)		2,004,890,050	1,947,500,000
Deposit Auction		164,172,603	112,139,726
Interest expenses	13	(11,576,669,128)	(14,821,024,103)
Net interest income		7,907,354,434	8,302,426,726
Fees and Commission income	14	745,443,727	2,566,127,876
Fees and Commission expenses	16	(330,094,903)	(424,468,636)
Net fees and commission income		415,348,824	2,141,659,240
Exchange Gain		22,664,190	538,727,269
Exchange Loss		(8,362,025)	
Revenue		8,337,005,424	10,982,813,235
Other income (sale of assets)		120,000	6,798,624
Personal expenses	15	(2,100,349,575)	(2,030,688,115)
Other expenses	17	(1,151,541,456)	(1,214,349,640)
Net profit (Before Tax)		5,085,234,393	7,744,574,104
Provision of income tax		(1,017,046,879)	(1,548,914,821)
Net profit for the year		4,068,187,514	6,195,659,283
Other comprehensive income		-	-
Total comprehensive income		4,068,187,514	6,195,659,283

Earnings Per Share 1,646 2,506

See Accompanying Notes to Financial Statements

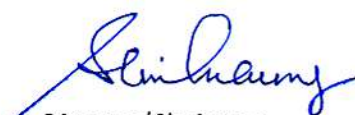
Authenticated by Directors;



Chief Executive Officer



Chief Financial Officer



Director/Chairman



Director



Director

Statement of Changes in Equity for the year ended 30 September 2020

	Issued & paid up capital	Share premium	Statutory Reserve	General provision for loans & receivables	Other Reserve	Contingency Reserve	Retained Earnings	Total
Balances as of 30.9.2018	24,720,530,000	11,845,878,597	14,146,283,649	3,608,425,039	8,117,485	101,697,990	1,881,744,614	56,312,677,374
Changes during the year	-	-	-	-	-	-	-	-
- Share issued during the year	-	-	-	-	-	-	-	-
- Share premium	-	-	-	-	-	-	-	-
- Transferred to reserved	-	-	1,548,914,821	-	-	865,548	-	1,549,780,369
- Reserve for dividend	-	-	-	-	-	-	-	-
Transferred to dividend payable	-	-	-	-	-	-	-	-
- Adjustment during the year	-	-	-	-	-	-	-	-
- Profit/(loss) during the year	-	-	-	-	-	-	4,646,744,462	4,646,744,462
Balances as of 30.9.2019	24,720,530,000	11,845,878,597	15,695,198,470	3,608,425,039	8,117,485	102,563,538	6,528,489,076	62,509,202,205
Balances as of 30.9.2019	24,720,530,000	11,845,878,597	15,695,198,470	3,608,425,039	8,117,485	102,563,538	6,528,489,076	62,509,202,205
Changes during the year	-	-	-	-	-	-	-	-
- Share issued during the year	-	-	-	-	-	-	-	-
- Share premium	-	-	-	-	-	-	-	-
- Transferred to reserved	-	-	1,017,046,879	-	-	-	(1,017,046,879)	-
- Transferred to Retained Earning	-	-	-	(786,867,544)	-	-	786,867,544	-
Transferred to dividend payable	-	-	-	-	-	-	(6,180,132,500)	(6,180,132,500)
- Adjustment during the year	-	-	-	-	-	-	(202,509,590)*	(202,509,590)*
- Profit/(loss) during the year	-	-	-	-	-	-	4,068,187,514	4,068,187,514
Balances as of 30.9.2020	24,720,530,000	11,845,878,597	16,712,245,349	2,821,557,495	8,117,485	102,563,538	3,983,855,165	60,194,747,629

* Bonus and reward paid after allocation of Dividend



Chief Executive Officer



Director/Chairman



Chief Financial Officer



Director




Director


First Private Bank Limited
(Incorporated in the Republic of the Union of Myanmar)
Statement of Cash Flows for the year ended 30 September 2020

	2020 12 Months (MMK in thousand)	2019 12 Months (MMK in thousand)
Interest income	21,384,922	25,768,010
Interest expense	(12,148,395)	(15,800,816)
Cash payment to employee & other	(3,237,539)	(3,067,591)
	5,998,988	6,899,603
(Increase)/decrease in loan and receivables	38,319,975	1,023,465
(Increase)/decrease in other assets	(1,652,249)	(443,067)
Increase/(decrease) in deposits	(24,908,842)	1,396,382
Increase/(decrease) other liabilities	1,169,066	(1,932,223)
Cash generated from operation	18,926,938	6,944,160
Income -tax paid	(1,242,663)	(1,119,632)
Net cash Provided by /(used in) operating activities	17,684,275	5,824,528
Cash flow from investing activities		
Investment in government securities bond	-	-
Investment in CBM-Deposit Auction	4,000,000	7,001,000
Purchase of property and equipment	(436,421)	(638,083)
Proceeds from sale of property and equipment	120	10,120
Net cash used in investing activities	3,563,699	6,373,037
Cash flow from financing activities		
Issued share capital	-	-
Share premium	-	-
Dividend paid	(6,145,122)	(7,671)
Proceed from bonus shares issued	-	-
Borrowing Repayment	-	-
Net cash used in financing activities	(6,145,122)	(7,671)
Net increase / (decrease) in cash in hand and at bank	15,102,852	12,189,894
Cash in hand and at bank at 1 October	51,639,177	39,449,283
Cash in hand and at bank at 30 September	66,742,029	51,639,177

Authenticated by directors;


Chief Executive Officer


Chief Financial Officer


Director/Chairman


Director


Director

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

1.General

First Private Bank Limited (the Bank) is a public company limited incorporated and domiciled in Myanmar and has its registered office at No. (619/621), corner of Merchant & Bosunpat street, Pabedan Township, Yangon. The Directorate of Investment and Company Administration (DICA) has issued incorporation certificate to First Private Bank Limited on September 9, 1991 as per Registration 121543400 under The Myanmar Companies Law. The Bank was permitted to carry out banking business under License No. MaVaBa / P - 1 / (5) 1992 issued by the Central Bank of Myanmar (CBM) on 25.5.1992. The principal activities of the Bank are to carry out the domestic remittance business and other financial services subject to the approval of the CBM.

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

2. Summary of significant accounting policies

(a) Accounting Period

The accounting year is from 1 October 2019 to 30 September 2020, the mandatory income year end under the Myanmar Income Tax Law.

(b) Opening Balances

Opening Balances as at 1 October 2019 are carried forward from the financial statements for the year ended 30 September 2019, audited by Sein Win & Associates.

(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 recognized within 'Interest Income' and 'Interest expense' in the income statement using the effective interest method.

(f) Fees and commission income

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

(g) Property and equipment

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

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

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

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

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

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

(h) Cash and cash equivalents

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

(i) Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events. It is more likely than not that an outflow of resources

will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(j) Income tax

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

(k) Financial assets and financial liabilities

Recognition and de-recognition

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

Measurement

A financial asset or financial liability is measured initially at fair value. Subsequent measurement depends on the category of financial instrument. Some categories are measured at amortized 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 hold to maturity.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Gains and losses are recognized in the income statement upon disposal.

Impairment of financial assets

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

3 Financial risk management

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

(a) Foreign exchange risk

Foreign currency risk arises from the exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Bank does not have any significant transactions relating to assets or liabilities which are denominated in foreign currencies. Hence, the Bank does not have any exposure to foreign exchange risk. FPB calculates realized gain /loss due to actual FE transaction as well as unrealized gain /loss at the time of account closing " closing amount"(outstanding FE balance at the end of financial year). In accordance with Central Bank's Instruction number FEMD 2/2013-14, net open position of the bank as of 30.9.2020 in comparison with prior year is illustrated as follow.

Net Open Position (NOP) of the bank as of 30 September 2020 (MMK in million)

Currencies	USD	EURO	SGD	Other Currencies	Total
Asset	11,412.24	1,174.97	190.00	-	12,777.21
Liabilities	4,012.21	1,333.10	0.54	-	5,345.84
Net open position(NOP)	7,400.03	(158.12)	189.46	-	7,431.37
NOP as % of Tier I Capital	12.92%	-0.28%	0.33%	-	12.98%

Net Open Position of the bank as of 30 September 2019 (MMK in million)

Currencies	USD	EURO	SGD	Other Currencies	Total
Asset	16,434.60	1,696.44	220.64	-	18,351.68
Liabilities	13,752.41	781.52	0.62	-	14,534.54
Net open position(NOP)	2,682.20	914.92	220.02	-	3,817.14
NOP as % of Tier I Capital	4.56%	1.56%	0.37%	-	6.49%

(b) Interest rate risk

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

(c) Credit risk

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

Central Bank's notification number 17/2017

Central Bank's notification number 6/1995

Classification of loans & advances	Days past due	Provision on shortfall in security value loans & advances	Classification of loans & advances	Days past due	Provision on shortfall in security value 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	100%	Bad	more than 24 months	100%

30.9.2019

30.9.2020

(MMK in million) Classification of debt	30.9.2019		30.9.2020	
	NPL Loans & advances	Loans & advances Interest in suspense	NPL Loans & advances	Loans & advances Interest in suspense
Substandard	-	-	-	-
Doubtful	2,060.00	51.63	180	7.1
Bad	6,547.11	1,977.68	11,143.22	3,290.25
	8,607.11	2,029.31	11,323.22	3,297.35
	Total NPL ratio=	10636.42 =5.93%	Total NPL ratio=	11,323.22 =8.03%
		179,397.79		141077.81

Classification of debt	30.9.2019		30.9.2020	
	Valuation of security	Loans & advances Interest in suspense	NPL Loans & advances	Loans & advances Interest in suspense
Substandard	-	-	-	-
Doubtful	9,523.00	51.63	180	7.1
Bad	13,069.00	1,977.68	11,143.22	3,290.25
	22,592.00	2,029.31	11,323.22	3,297.35
	Total NPL ratio=	10636.42 =5.93%	Total NPL ratio=	11,323.22 =8.03%
		179,397.79		141077.81

NPL - Non-performing Loan

When the bank determines that an impairment loss should be recognized, it applies the minimum requirement under the Central bank notification. During FY October 2019 to September 2020, there was no shortfall in security value, hence, the bank didn't any impairment loss.

(d) Liquidity and cash flows risk

The Bank monitors and maintains a level of bank balances deemed adequate by the directors to finance the operation and mitigate the effects of fluctuation in cash flows. The Bank's liquidity ratios as of September 30,2020 is 45.07% which is more than 20% fixed by the Central Bank of Myanmar as per its instruction No.19/2017.

(e) Market risk

The bank has no exposure to any market risk.

(f) Compliance risk

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

(g) Operational risk

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

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

(h) Legal risk

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

(i) Inadequate documentation, legal or regulatory incapacity, insufficient authority of a counterparty and uncertainty about the validity or enforceability of a contract in counterparty insolvency;

(ii) Actual or potential violations of law or regulation (including activity unauthorized for a bank and which may attract a civil or criminal fine or penalty);

(iii) Failure to protect the Bank's property;

(iv) The possibility of civil claims (including acts or other events which may lead to litigation or other disputes

(i) Tax risk

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

4 Cash & cash equivalents	30.9.2020	30.9.2019
	Combined kyat	Combined kyat
Cash in hand	26,454,025,571	19,524,454,455
Cash at Central Bank	27,855,213,225	10,777,596,912
Cash at other banks	12,432,790,518	21,337,125,258
	<u>66,742,029,314</u>	<u>51,639,176,625</u>

5 Loans & receivables	30.9.2020	30.9.2019
	Combined kyat	Combined kyat
Loans & receivables	115,529,531,248	155,515,494,582
Overdrafts	15,599,572,679	18,054,792,767
Term loans	500,000,000	-
SME TSL Loans	9,448,708,300	5,827,500,000
	<u>141,077,812,227</u>	<u>179,397,787,349</u>

Loan and receivables as of 30.9.2020 include loan & overdraft to related parties of MMK 1,755.00 million and MMK 155.00 million respectively.

6 Investments	30.9.2020	30.9.2019
	Combined kyat	Combined kyat
Held to maturity		
-Investment in government securities (Treasury bonds)	20,500,000,000	20,500,000,000
- Investment In Deposit Auction at CBM	-	4,000,000,000
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
	<u>20,701,300,000</u>	<u>24,701,300,000</u>

7 Prepaid & other receivables	30.9.2020	30.9.2019
	Combined kyat	Combined kyat
Interest receivable for loan & advance	1,211,372,915	2,166,136,941
Prepaid	1,308,298,389	1,266,656,995
Claimed	3,618,681,738	2,159,193,324
Inward Remittance	709,911,161	568,751,404
Interest receivable for Government Treasury Bond	556,093,750	730,312,500
Interest receivable for Deposit Auction		3,808,219
Share price stabilization fund	-	-
	<u>7,404,357,953</u>	<u>6,894,859,383</u>

8 Property & Equipment

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

9 Share Capital

The bank has authorized capital of MMK 100 Billion and the total amount of issued & paid up capital as of 30.9.2020 was MMK 24,720,530,000 dividend into 2,472,053 shares with MMK 10,000 each. No additional shares were issued during financial year September 2020.

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 17/2017.

11 Deposit	30.9.2020	30.9.2019
	Combined kyat	Combined kyat
Current Deposit	13,743,109,001	12,908,858,039
Saving Deposit	119,865,619,005	119,300,825,940
Called Deposit	4,290,589,088	2,616,999,890
Fixed Deposit	37,272,025,917	56,085,702,572
Mobile Money	93,324,792	105,062,849
Current Deposit(Foreign Currencies)	5,345,844,296	14,501,905,128
	<u>180,610,512,099</u>	<u>205,519,354,418</u>

12 Other liabilities	30.9.2020	30.9.2019
	Combined kyat	Combined kyat
Outward Remittance	343,322,671	332,737,379
Interest on Fixed Deposit	1,302,463,275	1,874,189,361
Annual listing fees for YSX	2,781,060	3,213,669
Software Recurring license fees	-	47,275,000
Repair and maintenance	9,974,800	5,250,000
Bank charges	315,510	251,647
Phone and electrical charges	13,020,770	34,286,205
External audit fees	4,000,000	4,000,000
YCDC tax	708,000	-
Staff Salary	288,000	-
Covid allowance (hotel Charges)	330,000	-
Doubtful accrued interest	3,589,668,195	2,153,022,954
Security Deposit	1,877,100	1,877,100
Surplus cash	204,920	154,920
Unclaimed Liability	5,804,675	5,160,936
Unclaimed Deposit	306,757	309,043
Provident Fund	440,089	585,266
Western Union (remittance)	130,613,709	411,825,739
Domestic bank (remittance fees)	143	10,708
Marginal Deposit (LC)	-	8,185,509
Security account opening charges	11,000	5,000
Dividend	88,434,119	53,422,878
Staff social welfare	-	375,024
Advance receipt	-	64,453
Compensation receipt	597,849	500,000
	<u>5,495,162,642</u>	<u>4,936,702,791</u>

	2020	2019
Interest rate on loans & advances	10% per annum	12% per annum
Interest rate on government securities(Treasury bonds)	7.25%,9.50%,9.75% per annum	9.50% per annum

13 Interest expenses	30.9.2020	30.9.2019
	Combined kyat	Combined kyat
Interest on fixed deposit	3,842,074,815	6,139,050,056
Interest on called deposit	51,047,207	61,960,065
Interest on saving deposit	7,683,547,106	8,620,013,982

Interest on deposit from other banks

	-	-
	11,576,669,128	14,821,024,103

Interest rate for various deposit are as follows:

	2020	2019
	rate per annum	
Interest rate on fixed deposit		
(3) months	5.25%	8.25%
(6) months	5.50%	8.50%
(9) months	5.75%	8.75%
(1) year	6.00%	9.00%
Interest rate on called deposit	2%	2%

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

Interest rate on Saving Deposit	5.00%	8.00%
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14 Fees and Commission income	30.9.2020	30.9.2019
	Combined kyat	Combined kyat
Commission income(Mobile)	10,994,277	13,824,563
Commission income(Western Union)	207,007,363	182,348,472
Commission income(Remittance)	190,021,631	216,899,283
Commission income(Fire insurance)	78,867,603	74,192,324
Commission income(Hire Purchase)	293,000	1,278,000
Commission income(Bank Guarantee)	143,754,923	194,954,036
Income from other transactions	11,511,860	1,773,153,957
Swift commission(LC)	1,763,327	3,539,097
Bill collection charges	568,667	2,463,137
Miscellaneous Income	100,661,077	103,475,007
	<u>745,443,727</u>	<u>2,566,127,876</u>

15 Personnel expenses	30.9.2020	30.9.2019
	Combined kyat	Combined kyat
Salaries & wages	1,357,886,364	1,322,363,673
Cost of living allowance (CLA) & Special CLA	398,732,898	396,558,332
Travelling allowance	32,536,230	32,926,373
Uniform allowance	695,600	21,960,740
Overtime allowance	109,505,660	102,711,317
Field allowance	80,691,882	79,795,206
Degree allowance	15,123,516	12,884,000
Social welfare & provident funds	61,947,425	61,488,474
COVID19 allowance	1,730,000.00	-
Meal allowance	41,500,000	-
	<u>2,100,349,575</u>	<u>2,030,688,115</u>

16 Fees and Commission expenses	30.9.2020	30.9.2019
	Combined kyat	Combined kyat
Directors' remuneration & emolument	113,997,000	91,506,150

External audit fees	8,000,000	8,000,000
Legal fees	-	60,000
Training expenses	9,530,843	1,366,000
Registration & license fees	157,502,230	264,662,482
Fees and expenses, others	41,064,830	58,874,004
	<u>330,094,903</u>	<u>424,468,636</u>

17 Other expenses	30.9.2020	30.9.2019
	Combined kyat	Combined kyat
Rental electricity & water bill charges	116,320,922	131,485,487
Repair & maintenance charges	36,920,857	42,585,238
Annual General Meeting expenses	16,067,300	1,029,750
Insurance	8,002,121	7,906,101
Duty & Tax	16,377,819	13,450,544
Stationery & supplies	46,975,913	48,391,679
Communication expenses	90,040,250	101,894,134
Transportation & travelling expenses	84,800,374	95,107,782
Miscellaneous	117,859,453	170,583,462
Fixed asset written off during the year	4,735,213	1,364,025
Depreciation	613,441,234	600,551,440
	<u>1,151,541,456</u>	<u>1,214,349,640</u>

18 Contingent liabilities

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

Related Parties Transaction

Transactions with key management personnel	30.9.2020	30.9.2019
	Combined kyat	Combined kyat
Directors' remuneration & emolument	113,997,000	91,506,150
	<u>113,997,000</u>	<u>91,506,150</u>

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

	30.9.2020	30.9.2019
	Combined kyat	Combined kyat
	(Kyat in million)	(Kyat in million)
Loans	1,500.00	11,905.00
Overdraft	151.56	76.74
	<u>1,651.56</u>	<u>11,981.74</u>

19 Loan and receivables as of 30.9.2020 include loan & overdraft to related parties of MMK 1,500 million and MMK 151.56 million respectively.

Commitments	30.9.2020	30.9.2019
	(Kyat in million)	(Kyat in million)
Undrawn overdraft balance	9,135.83	8,601.21
	<u>9,135.83</u>	<u>8,601.21</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 drawn down by the counter party, amount of the overdraft is accounted for in accordance with the bank's accounting policies.

FPB BOD has decided to depreciate partially (MMK 274,087,482/-) for Intangible Assets (software) carry value (MMK 1,096,349,929/-) due to the termination of MISYS CORE Banking system contract. The remaining balance (MMK 822,262,447/-) will be written off in FY 2020-21.

First Private Bank Limited

(Incorporated in the Republic of the Union of Myanmar)

Notes to the financial statements

Ratio Analysis

1. The Bank's capital adequacy ratio as of September 30,2020 is 35.60% and hence more than 8% as prescribed by the Central Bank of Myanmar per its instruction No. (16/2017).
2. The Bank's CBM balances to Minimum reserve requirement ratio as of September 30,2020 is 15.89% and hence more than 3.5% as prescribed by the Central Bank of Myanmar per its Instruction No. (6/2020).
3. Asset to Liabilities Ratio

$$= \frac{\text{Total asset}}{\text{Total liabilities}} = 1.31:1$$

4. Return on Investment

$$= \frac{\text{Profit before tax}}{\text{Shareholder's equity}} \times 100 = 8.45\%$$

$$= \frac{\text{Net Profit after tax}}{\text{Shareholder's equity}} \times 100 = 6.76\%$$

5. Total Equity to share capital ratio

$$= \frac{\text{Total equity}}{\text{Share capital}} = 2.44:1$$

6. Earnings Per Share

$$= \frac{\text{Net profit after tax}}{\text{Total number of shares}} = 1646$$

7. Loan to Deposit Ratio

$$= \frac{\text{Total loan}}{\text{Total deposit}} = 78.11\%$$

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

	Annexure (1)									
Property & Equipment	Land & Building	Furniture & fixture	Office equipment	Computer & accessories	Motor cycle	Bicycle	Motor Vehicle	Intangible Assets	TOTAL	
Cost										
At 1 Oct 2019	8,964,677,102	396,759,732	720,023,903	1,029,645,724	15,382,400	67,255	216,137,300	1,370,437,412	12,713,130,828	
Additions	219,978,828	79,096,383	40,216,669	97,128,695	-	-	-	-	436,420,575	
Disposal	-	-	-	-	-	-	-	-	-	
Adjustment during the year	-	-	-	-	-	-	-	-	-	
Write-offs	-	(24,766,126)	(161,751,438)	(128,491,282)	(6,467,400)	(67,255)	(21,407,300)	-	(342,950,801)	
At 30 Sept 2020	9,184,655,930	451,089,989	598,489,134	998,283,137	8,915,000	-	194,730,000	1,370,437,412	12,806,600,602	
Accumulated depreciation										
At 1 Oct 2019	555,179,701	129,363,790	401,545,138	361,656,537	9,799,202	67,252	189,257,172	274,087,483	1,920,956,275	
Depreciation for the financial year	54,771,400	25,027,441	50,354,851	193,539,246	957,063	-	14,703,751	274,087,482	613,441,234	
Disposal	-	-	-	-	-	-	-	-	-	
Adjustment during the year	-	-	-	-	-	-	-	-	-	
Write-offs	-	(22,645,358)	(159,141,642)	(128,486,648)	(6,467,389)	(67,252)	(21,407,299)	-	(338,215,588)	
At 30 Sept 2020	609,951,101	131,745,873	292,758,347	426,709,135	4,288,876	-	182,553,624	548,174,965	2,196,181,921	
Net Book value as at 30 Sept 2020	8,574,704,829	319,344,116	305,730,787	571,574,002	4,626,125	-	12,176,376	822,262,447	10,610,418,681	
Net Book value as at 30 Sept 2019	8,409,497,401	267,395,942	318,478,765	667,989,187	5,583,198	3	26,880,128	1,096,349,929	10,792,174,553	