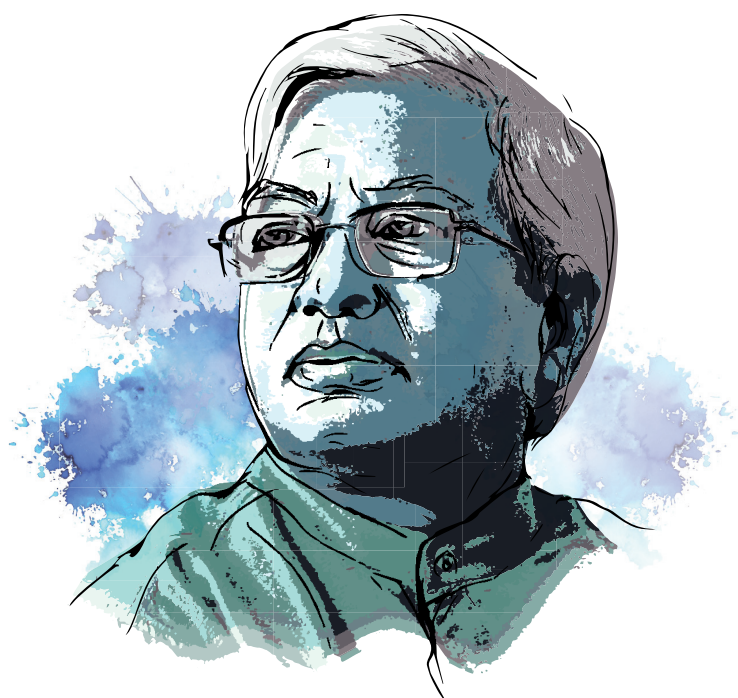




ANNUAL REPORT 2019
BRAC MYANMAR



Sir Fazle Hasan Abed KCMG
1936 - 2019

We will not say 'rest' in peace.

Thank you, Abed bhai.

Thank you for showing us how meaningful one's life can be.

Thank you for instilling the courage in us to take on the impossible.

Thank you for showing us how to listen and learn,
to fail and to get up again in the service of others.

Thank you for making us see that no one is ordinary and
to seek potential in everyone.

We will not say 'rest' in peace.

The Abed bhai we know would not rest until we build an equal world.

We know you would not want us to lament your loss for long.

You would want us to tirelessly fight poverty and inequality,
like you did the last 47 years.

We promise to rise to that responsibility.

We promise to be worthy of your legacy.

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LETTER FROM THE EXECUTIVE DIRECTOR

STRONGER TOGETHER IN TIMES OF TRANSITION



2019 was a year of great change and transition for BRAC International. First and foremost in our hearts, we lost our dear founder, Sir Fazle Hasan Abed. Abed Bhai's guidance, vision, and spirit are irreplaceable and deeply missed. Before his passing, Abed Bhai spearheaded the creation of a new Global Board to lead us in the post-founder era. This body is guided by the new BRAC Global Strategy which sets a bold vision for BRAC over the next decade. This strategy not only helped bring the BRAC family together but provides an enormous amount of guidance for our work, outlining a path to reach at least 250 million people by 2030.

In this spirit of transition, we began 2019 working to build a strong base for the years to come by consolidating and strengthening our programme and organisational management. Our core focus areas included improving our programme quality, both in design and implementation, by developing new program quality standards and improving our front line supervision and monitoring, evaluation, and learning (MEL) systems through targeted in-country pilots.

We also took several steps to build BI's capacity to achieve impact at scale. We developed a Microfinance Growth for Impact Plan: a strategy for converging Microfinance operations with other social development programmes, while opening a new Africa Regional Office in Nairobi, Kenya, to build leadership and greater supervision at the field level. Steps were taken to improve our grants management capacity at all levels to respond to the needs of our donors and those we serve.

While our management focus was on strengthening internal capacity, on the ground we continued to deliver innovative programs to support those living in situations of poverty and inequality. In 2019, we reached a total

of 6.6 million people, predominantly women and girls, across 10 countries in Asia and Africa. BI Microfinance, our signature financial inclusion programme, provided 650,000 program participants and their families access to basic financial services and support in six countries, five in Africa and one in Asia.

The COVID-19 pandemic has emerged as a major challenge while continuing our organisational strengthening work and programming. Building on our existing capacity, we have been working with governments through National Coordination Committees and Task Forces in each of our countries of operation to quickly meet the needs of those affected by the virus. To date, BI has reached over 45 million people through our COVID-19 response programming. We have also worked to develop innovative ways to continue our existing programmes safely and effectively. For example, our early childhood education team has been utilising local radio stations to deliver play-based learning to children stuck in their homes in Uganda and Tanzania.

Our innovative spirit was not limited to fighting COVID, but also fighting the other great challenge of our time: climate change. We see how the changing climate is affecting the people we serve, decimating livelihoods, health, food security, and pushing people into poverty. We are acting now to build and deploy tools that will enable us to fight climate change-induced disasters by strengthening early warning systems and supporting locally-led climate adaptation programmes.

It is through these challenging times that we see the true spirit of BRAC. Abed Bhai always believed in the power of collective action and effort to meet the challenges that face us. It is through the support, compassion, and generosity of our partners, peers, host governments, and donors that we are able to continue fulfilling his vision to protect, help, and uplift vulnerable people everywhere.

We believe that those living in poverty and inequality are not only resilient but that they are able to take control of their own lives. Together we can build towards an even brighter future.

A stylized, handwritten signature in black ink, appearing to read 'Dr. Musa'.

Dr Muhammad Musa
Executive Director
BRAC International

MESSAGE FROM THE COUNTRY REPRESENTATIVE



In 2019, BRAC Myanmar was able to reach some ambitious milestones, thanks to the dedicated efforts of our growing office, as well as support from donors, partners and government. As both an NGO and Microfinance institution, BRAC Myanmar is able to provide innovative solutions to tackle poverty and inequality. BRAC Myanmar innovative and inclusive solutions has reached close to 130056 people living in poverty through our inclusive financial and social development programmes.

In 2019, BRAC Myanmar extended its support to small-scale aquaculture farmers households. In addition to training on quality farming, gender and nutrition, BRAC Myanmar also introduced financial literacy training to farmers to improve their market access and ability to manage their livelihood. BRAC Myanmar strengthened the capacity of local communities, schools and government in Bago and Yangon regions to respond to disasters. BRAC Myanmar also supported the recovery of three townships in Bago that were most severely affected by flooding.

BRAC Myanmar has laid the foundation to expand its social development programme to reach more communities across our programmes. In order to deliver these achievements and grow sustainably, BRAC Myanmar has focused on developing and retaining human capital, particularly national staff and women. By 2020, it is planned to extend our support to at least two additional regions or states.

A special thanks and gratitude to our donors and partners: WorldFish, GIZ, Bill and Melinda Gates Foundation, The Leprosy Mission Myanmar, DaNa Facility, LIFT, and BRAC Bangladesh.

BRAC Myanmar remains committed to supporting social and economic development in Myanmar, in line with global and national goals.

Sincerely,

ATM Tariqul Islam
Country Representative
BRAC Myanmar

MESSAGE FROM THE MANAGING DIRECTOR



2019 has been a year of unprecedented growth and expansion for BRAC Myanmar Microfinance Company Limited (BMMCL). We expanded operations into 83 townships across 7 states and regions, becoming the third largest microfinance operator by branch network in the country. By August 2019, we had crossed the 100,000 borrower milestone and launched operations in Mon and Shan states. In response to the reduced interest cap on loans, we are also improving our operational cost ratio by increasing operational efficiency and front-end productivity. In pursuit of our social mission, we developed our five-year strategic business plan and applied to become a deposit-taking entity.

Despite our tremendous growth, we never strayed from our dedication to client-centricity, by driving the development of responsible, innovative financial solutions tailored to the varied needs of underserved women, smallholder farmers, and persons with disabilities. We deployed a multitude of tools to strengthen co-creation with these target segments, such as financial diaries research in partnership with the United Nations Capital Fund, and human-centered design in partnership with the World Bank. To increase convenience for our clients and in line with our strategic priority area of digitisation, we are testing loan repayments through the Ongo agent network and intend to pilot digital credit scoring for our agriculture loans in the future.

As part of our commitment to client protection and social performance management, we conducted audits and developed action plans to address identified gaps and

strengthen our ability to serve our clients responsibly. For the first time, we carried out a baseline impact assessment, which will enable target-setting for our social outcomes and for reaching more clients living in poverty.

Our achievements would not have been possible without the tireless efforts of over 800 staff, of whom 84% are women. We are also grateful to the contribution of our investors and donors: Grameen Credit Agricole Microfinance Foundation, Whole Planet Foundation, Livelihood and Food Security Fund, the Overseas Private Investment Corporation, YOMA Bank Limited, and FMO Entrepreneurial Development Bank.

Most of all, we are indebted to our clients, whose incredible spirit and resilience continue to inspire, invigorate, and guide our work. Building on our strong bonds with clients, BMMCL will continue to expand access to responsible, inclusive, and innovative financial solutions that enable people to have greater control over their futures.

Md. Sazaduzzaman
Managing Director
BRAC Myanmar Microfinance Co., Ltd.

BRAC SAFEGUARDING FRAMEWORK

Since its inception, BRAC has prioritised the safety and wellbeing of all those it works with – stakeholder of all programmes, members of staff and volunteers, and partners and donors. From the beginning of 2018, BRAC strengthened its safeguarding compliance, and has committed to ensure that safeguarding measures are incorporated across all levels of the organisation.

BRAC currently operates with six safeguarding standards: safe governance, safe people practices, safe programming, safe partnering, safe risk management and safe reporting. A safeguarding unit has been formed within BRAC Human Resources and Learning Department to provide technical support in strengthening safeguarding at organisational, programmatic and partnership levels.

BRAC has developed a standalone safeguarding policy as well as specialised policies to address sexual harassment, protection of children and adolescents, prevention of workplace bullying and violence, rights of persons with disabilities, and whistleblowing. All members of staff at BRAC are trained on safeguarding through classroom and online sessions. Different programmes and departments are in the process of developing risk mitigation plans to



curb safeguarding risks associated with their work.

BRAC's overall strategy to safeguard people is firstly through means of prevention. If that fails, each case or incident violating the policy is addressed through a mechanism that is fair, transparent and objective. Our priority is to take safety measures for the complainant if and when an incident arises.

BRAC has a robust internal investigation process and unit with two separate streams to address

safeguarding-related breaches, as well as two independent decision-making committees. A centralised 24/7 call centre has been established to lodge complaints. Additional emphasis is given on awareness and data management related to complaints regarding all forms of harassment and bullying. BRAC's safeguarding unit implements action plans jointly developed with DFID, and in collaboration with all its programmes and departments to build a strong safeguarding culture within the organisation.



BRAC INTERNATIONAL PROGRAMMES



Our **Education programme** focuses on raising awareness on gender and child rights and developing a child-friendly learning atmosphere. Our programme complements the mainstream schooling system by supporting government primary and secondary schools to improve quality and strengthen capacity. We also provide training with support from local vocational and technical institutes.

Our **Early Childhood Development programme** is an investment towards breaking intergenerational cycles of poverty and facilitating economic growth. We provide early learning opportunities through our Play Labs to 3 to 6 year olds, with a low cost and play-based early learning model. Our Play Labs are safe play spaces, providing cost effective local learning materials to children in marginalised communities.



The **Agriculture, Food Security and Livelihood programme** focuses on four strategic directions - a) Strengthen pro-poor market systems, b) Make agriculture systems more resilient to climate change, c) Improve food and nutrition security, and d) Empower women and youth across the value chain.



Through our **Health programme** we partner with respective governments to reduce child mortality, improve maternal and child health, and combat diseases. We work at the community and facility level to strengthen the capacity of female community health volunteers, health workers, and doctors so that they can provide educational, preventive, and curative health services.



Through our **Youth Empowerment programme** we provide life-saving and life-transforming services to adolescent girls to prevent unintended pregnancies, improve their awareness on harmful practices, and empower them financially. We create safe spaces by establishing clubhouses for girls aged 10-21, especially those who are vulnerable, dropped out of school, and at the risk of early marriage and pregnancy.



The **Ultra-Poor Graduation** approach is a comprehensive, time-bound, integrated and sequenced set of interventions that aim to enable extreme and ultra-poor households to achieve key milestones towards sustainable livelihoods and socio-economic resilience, in order to progress along a pathway out of extreme poverty.



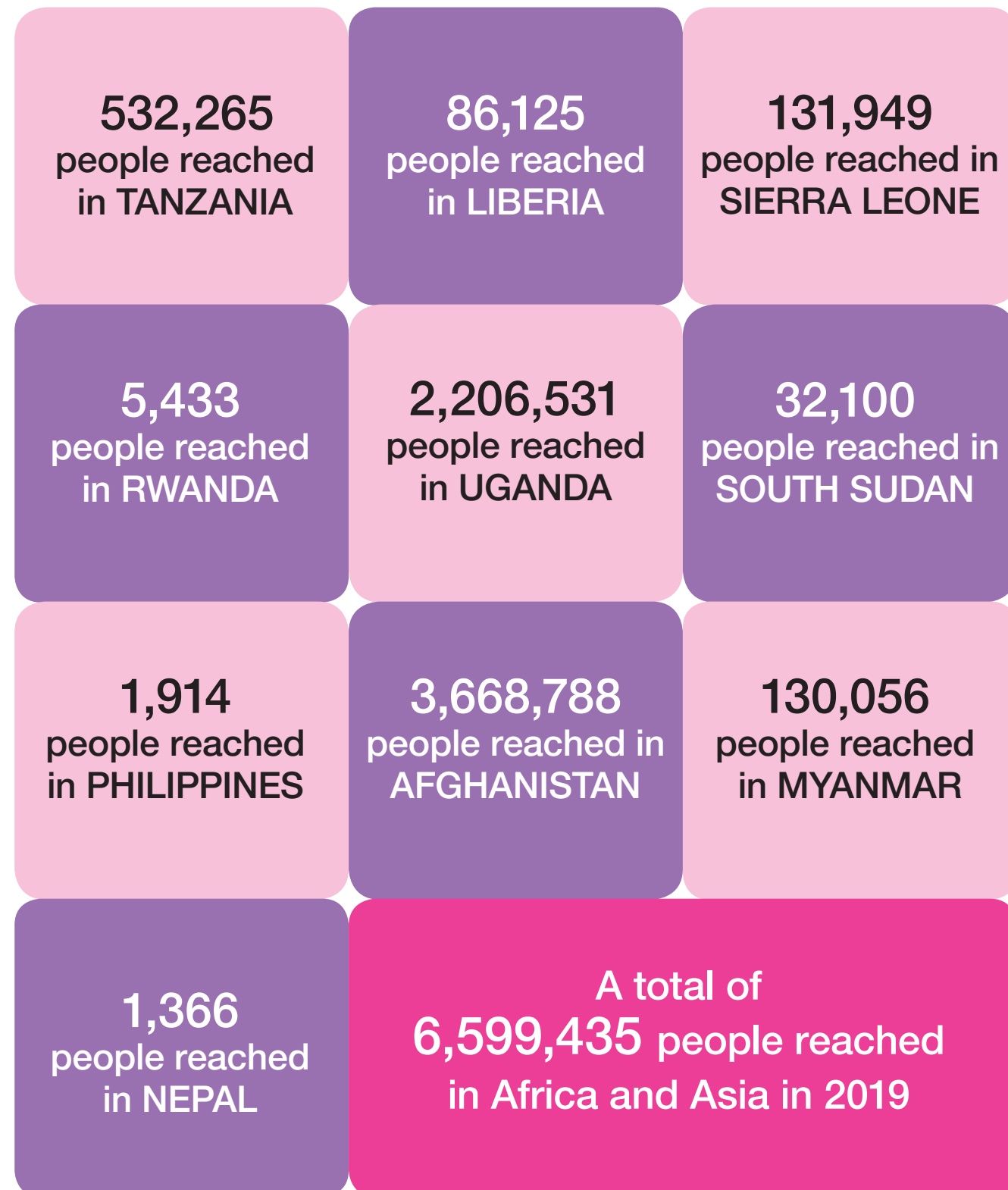
Through our **Emergency Preparedness and Response programme** we build local emergency preparedness and response capacities in communities, schools, and local governments. Using a participatory and inclusive approach, our interventions in urban, rural, and refugee settings prioritise the equitable participation of all groups, particularly women and youth, to ensure that they are able to mitigate risks, save lives, protect livelihoods, and build back better from disasters and crises.



With the help of **Microfinance**, we provide a range of financial services responsibly to people at the bottom of the pyramid. We particularly focus on women living in poverty in rural and hard to reach areas, to create self-employment opportunities, build financial resilience, and harness women's entrepreneurial spirit by empowering them economically.



OUR COUNTRY-WISE REACH IN 2019



PROGRAMMATIC REACH OF BRAC INTERNATIONAL IN 2019



833,921

people through the **Education programme** in Afghanistan, Philippines, Uganda, and Liberia



16,623

people through the **Early Childhood Development programme** in Tanzania and Uganda



100,313

people through the **Agriculture, Food Security and Livelihood programme** in Myanmar, Nepal, South Sudan, Uganda, Liberia, and Sierra Leone



59,359

people through the **Youth Empowerment programme** in Nepal, Tanzania, Uganda, Liberia, and Sierra Leone



7,725

people reached through the **Emergency Preparedness and Response programme** in Myanmar, Uganda, and Sierra Leone



3,307,849

people reached through the **Health programme** in Afghanistan, Nepal, Liberia, Uganda, and Sierra Leone



2,401

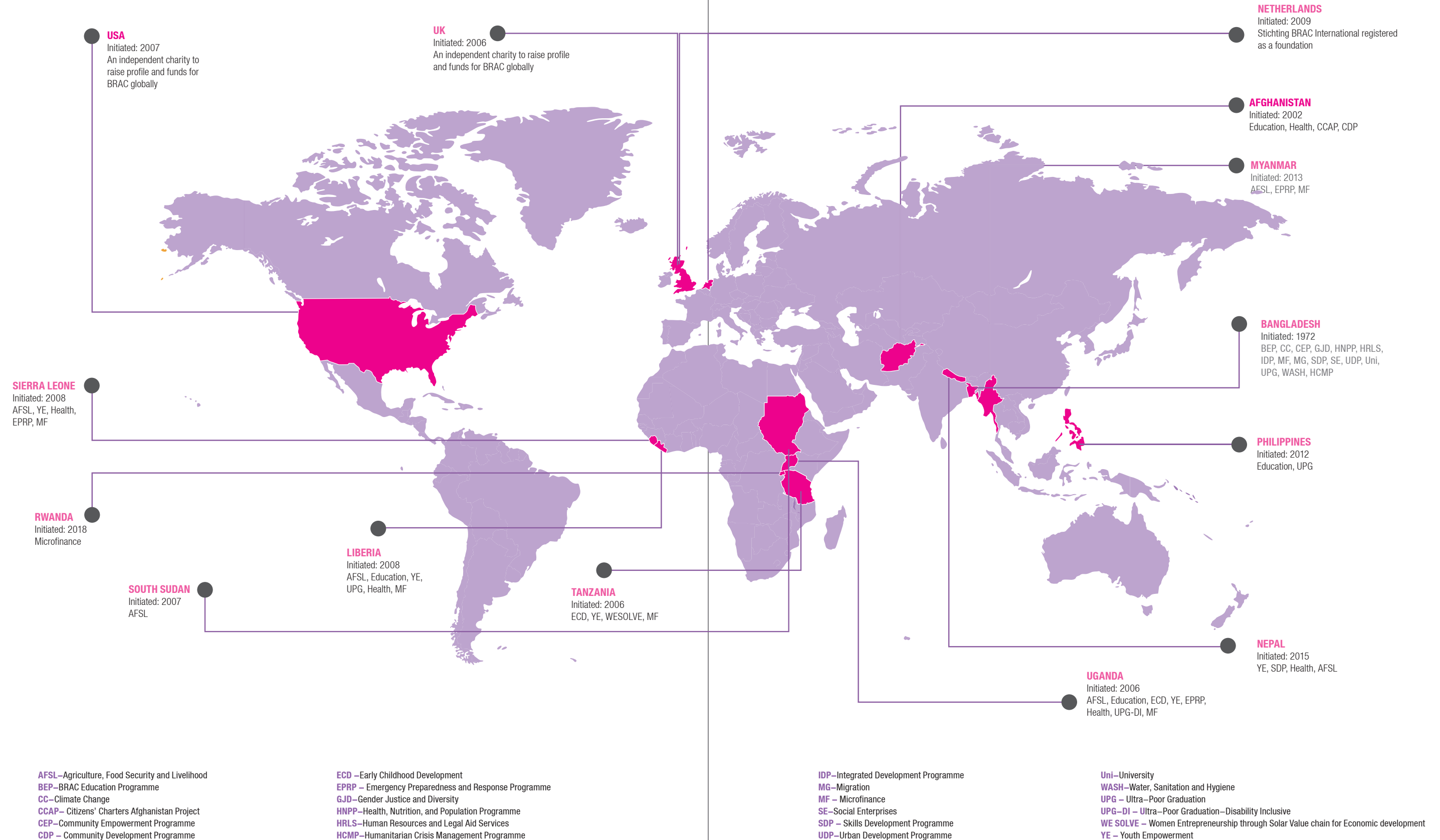
people reached through the **Ultra-Poor Graduation programme** in Uganda and Liberia



646,442

borrowers and 150,231 depositors through the **Microfinance programme** in Myanmar, Uganda, Liberia, Tanzania, Sierra Leone, and Rwanda

BRAC ACROSS THE WORLD



STICHTING BRAC INTERNATIONAL MANAGEMENT AS OF 31 DECEMBER, 2019

MANAGEMENT BOARD



DR MUHAMMAD MUSA
EXECUTIVE DIRECTOR
BRAC International



SYED ABDUL MUNTAKIM
DIRECTOR
Finance
BRAC International



RUTH OKOWA
DIRECTOR
Africa Region
BRAC International



M ANOWAR HOSSAIN
DIRECTOR
Asia Region
BRAC International



SHARMIN SULTAN
DIRECTOR
Human Resources
BRAC International

DIRECTORS



SHAMERAN ABED
SENIOR DIRECTOR
Microfinance, Ultra Poor Graduation
BRAC and BRAC International



DIRK BROER BOOY
SENIOR DIRECTOR
Programme Development, Resource
Mobilisation and Learning,
BRAC and BRAC International



HANS ESKES
DIRECTOR
BRAC International Holding B.V.



SONIA WALLMAN
DIRECTOR
Grant Management, Programme
Development, Resource
Mobilisation & Learning,
BRAC and BRAC International



KENNETH CAROL VAN TOLL
DIRECTOR
Institutional Fundraising
and Partnership
BRAC International



MARJOLEIN VAN DEN HOVEN
DIRECTOR
Private Sector Fundraising
BRAC International



AUDREY AHWAN
DIRECTOR
Programme Development, Resource
Mobilisation and Learning,
BRAC and BRAC International



MOUTUSHI KABIR
DIRECTOR
Communications and Outreach
BRAC and BRAC International



NANDA DULAL SAHA
DIRECTOR
Internal Audit
BRAC and BRAC International



MD SAJEDUL HASAN
DIRECTOR
Humanitarian Programme
BRAC and BRAC International

STICHTING BRAC INTERNATIONAL SUPERVISORY BOARD



Marilou van Golstein Brouwers
Chair (Appointed Chair to the Board on
7 April 2020, member since 28 March 2019)

Stichting BRAC International Supervisory Board
BRAC International Holdings B.V. Supervisory Board

Marilou van Golstein Brouwers is a former chair of the Management Board and founder of Triodos Investment Management BV, a subsidiary of Triodos Bank.

Ms Brouwers is an international entrepreneurial impact investment banker, with more than 30 years of experience in values-driven business and banking, with immense expertise on impact investing.

She started working for Triodos Bank in 1990 and was involved in the founding of Triodos Investment Management, of which she became the managing director in 2003. She was the chair of the Management Board from January 2015 to December 2018.

Ms Brouwers is currently active in a variety of roles. Within Triodos Bank, she is a member of several boards and involved in the start-up of the Triodos Regenerative Money Centre. She is also a member of the Board of Directors of the Global Impact Investing Network and the Special Working Group on impact economy by the Global Steering Group for Impact Investment. She is chair of the Supervisory Board of B Lab Europe and the Supervisory Board of Credits, The Netherlands, one of the Women Entrepreneurs Finance Initiative Leadership Champions.

Ms Brouwers has served on the board of directors of banks in Uganda, Kenya, Tanzania, Russia, Afghanistan and Pakistan. She was a member of the Group of Advisors for the United Nations Year of Microcredit in 2004 and 2005, of the Executive Committee of CCAP (2003-2008), the Board of Trustees of Women's World Banking (2003-2012), the Advisory Committee of the Mastercard Foundation Fund for Rural Prosperity (2014-2017) and the Advisory Council on International Affairs Committee for Development Cooperation in The Netherlands. She was chair of SBI Limited (2011-2013), the Steering Committee of the Principles for Responsible Investment / Principles for Investors in Inclusive Finance (2011-2013) and the Advisory Board of Women in Financial Services in The Netherlands (2011-2016). She was also treasurer of the Max Havelaar Foundation (2008-2015).

Ms Brouwers studied business and economics at Erasmus University in Rotterdam.



Ameerah Haq
(Was appointed as the Board Chair on
6 August 2019 and resigned on 7 April 2020)

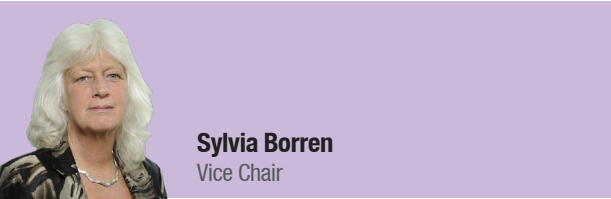
Stichting BRAC International Supervisory Board

Ms Ameerah Haq is the former UN under-secretary-general for the Department of Field Support. She held the position of under-secretary-general from 2009 till her retirement and was the senior-most Bangladeshi national in the United Nations during those years. She most recently served as the vice chair of the high-level independent panel on peace operations for the UN. She has over 39 years of UN experience including 19 years of field experience. She was the last special representative of the secretary-general (SRSG) in the UN Integrated Mission in Timor-Leste. She has also held the positions of deputy SRSG and UN resident coordinator in Sudan, as well as deputy SRSG and UN resident coordinator in Afghanistan. In addition, Ms Haq has held senior positions within the UN development programme and has served as UN resident coordinator in Malaysia and Laos.

Ms Haq currently serves on the Board for the Centre for Humanitarian Dialogue in Geneva, on the secretary-general's senior expert group on Human Rights Up Front, on the Board for the Peace Operations Training Institute, Williamsburg, Virginia. She is also a special advisor to the United Nations Foundation in Washington and a member of the Special Advisory Group of the Challenges Forum of the Folke Bernadette Academy of Sweden. Ms Haq lectures frequently at many universities and speaks at seminars hosted by think tanks and non-governmental organisations.

During her service in the UN, Ms Haq was awarded the highest Presidential Medal in East Timor by President Jose Ramos Horta, the highest civilian medal of the Lao People's Democratic Republic and the Malalai Medal of Honor from President Hamid Karzai of Afghanistan, which is among the highest civilian honors given for courage and dedication. She is also the recipient of the Julia Taft Outstanding Humanitarian Service Award during the time she served as humanitarian coordinator for her work in Darfur, Sudan.

Ms Haq received a bachelor of science degree in psychology from Western College for Women in Oxford, Ohio in 1969. She subsequently went on to receive a master of science degree in Community Organization and Planning from Columbia University, New York in 1972, and a master in business administration from New York University in 1974.



Stichting BRAC International Supervisory Board


Sylvia Borren has worked all her life within and for civil society organisations, both professionally and as a volunteer.

She was part of the Dutch and global women’s and sexual rights movements (COC, ILGA, IWC for a just and sustainable Palestinian-Israeli peace) and is now advisor to the UN Women National Committee Netherlands and ATRIA (the Institute on gender equality and women’s history). Ms Borren was part of the anti-poverty movement (director of Oxfam Novib 1994-2008, co-chair of the Global Call to Action against Poverty and EEN) and is now the Vice Chair of the Stichting BRAC International Supervisory Board.

She was on two national governmental advisory commissions (for Youth Policy and the Advisory Council on International Affairs), co-chair of the Worldconnectors (a Dutch think tank), on the board of a large mental health institute (Altrecht), worked as an organisational consultant with De Beuk for many years, led the project Quality Educators for All with the trade union Education International, and continues to be a member of the Worldconnectors.

Ms Borren was recently director of Greenpeace Netherlands (2011-2016), part of the Forest Stewardship Council Netherlands, and is now on the advisory commission of Staatsbosbeheer, which manages nature reserves.

She is now a freelance consultant at 'Working for Justice' and a senior adviser for Governance & Integrity.



Dr Debapriya Bhattacharya
Member

Stichting BRAC International Supervisory Board

Dr Debapriya Bhattacharya, a macroeconomist and public policy analyst, is a Distinguished Fellow at the Centre for Policy Dialogue (CPD), Dhaka, where he was its first Executive Director. He was the Ambassador and Permanent Representative of Bangladesh to WTO and UN Offices in Geneva and Vienna and former Special Advisor on LDCs to the Secretary General of UNCTAD. Earlier, he was a Senior Research Fellow at the Bangladesh Institute of Development Studies (BIDS).


He studied in Dhaka, Moscow, and Oxford. Visiting positions held include Senior Fulbright Fellow at the Center for Global Development, Washington DC. He serves on the boards and working groups of various leading institutions and editorial boards of reputed journals including Oxford Development Studies. He was General Secretary of the Bangladesh Economic Association for three consecutive terms.

Dr Bhattacharya chairs the Southern Voice, a network of 50 think tanks from Africa, Asia, and Latin America, dedicated to following up and reviewing

the implementation of the Sustainable Development Goals (SDGs). He led the pioneering multi-country studies on shaping the 2030 Agenda of the United Nations, data deficits of SDG monitoring, and early signals of SDG implementation in the developing countries. He also chairs LDC IV Monitor, an independent partnership of eight international organisations and academic institutions engaged in monitoring the outcome of the fourth United Nations Conference on the Least Developed Countries.

He serves as the Convenor of the Citizen's Platform for SDGs, Bangladesh - a platform of more than 100 NGOs and private sector bodies, seeking to contribute to the delivery of the SDGs at the country level.

He recently edited the volume Bangladesh's Graduation from the Least Developed Countries Group: Pitfalls and Promises, Routledge (2018); Southern Perspectives on the Post-2015 International Development Agenda, Routledge, London (2017); team leader of the study Quest for Inclusive Transformation of Bangladesh: Who Not to be Left Behind (2017).



Parveen Mahmud FCA
Member

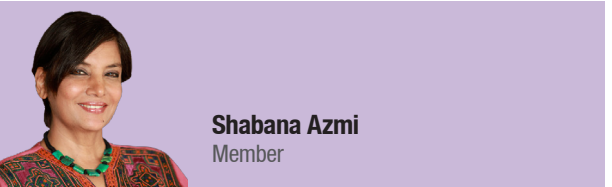
Stichting BRAC International Supervisory Board
BRAC International Holdings B.V. Supervisory Board

Parveen Mahmud, in her varied professional career has worked with social innovations, entrepreneurship, and sustainable development. Ms Mahmud started her career with BRAC, and has worked with international NGOs and development agencies. She was the deputy managing director of PKSF, Bangladesh's apex funding organisation for Microfinance Institutes. She is the founding managing director of Grameen Telecom Trust.

She was a partner in ACNABIN & Co, Chartered Accountants. She is the first female president of the Institute of Chartered Accountants of Bangladesh (ICAB), as well as the first female board member of the South Asian Federation of Accountants (SAFA), the apex accounting professional body of SAARC. She is the chairperson of CA Female Forum - Women in Leadership Committee, ICAB and is the vice chairperson of the Women in Leadership Committee of SAFA.

Ms Mahmud sits on numerous boards, including Stichting BRAC International, Apex Footwear Ltd, Grameenphone Ltd, Linde Bangladesh Ltd, Manusher Jonnyo Foundation, Transparency International Bangladesh, and Centre for Policy Dialogue. She is the chairperson of UCEP Bangladesh, Shasha Foundation, and was chairperson of MIDAS, Shasha Denims Ltd, and Acid Survivors' Foundation. Ms Mahmud is also a member of the International Chamber of Commerce, Bangladesh. She was a member of the National Advisory Panel for SME Development of Bangladesh, founding board member of SME Foundation, and Convenor, SME Women's Forum.

Ms Mahmud is the recipient of Ananyinna Top Ten Women - 2018 Award, Women at Work - 2017 Award from Bangladesh Association of Software and Information Services, and Women of Inspiration Awards 2017 from the Bangladesh Organisation for Learning & Development. She received the Begum Rokeya Shining Personality Award 2006 for women's empowerment from Narikantha Foundation.

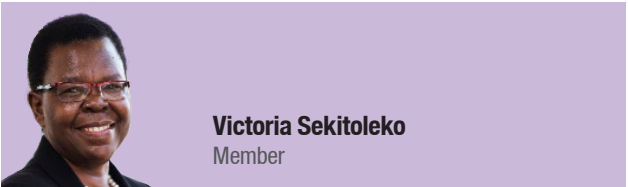


Stichting BRAC International Supervisory Board

Shabana Azmi is an internationally celebrated film and theatre actress. She has won five national and five international awards for best actress.

She is a highly respected social activist and tireless campaigner for the rights of women, slum dwellers, and the underprivileged. She heads the Mijwan Welfare Society (MWS), an NGO that works for empowerment of the girl child in rural India. MWS works on education, primary health and sanitation, skill development, and employment generation.

Ms Azmi was nominated to The Rajya Sabha by the President of India in 1997. She is a recipient of the Padmashri and Padma Bhushan. She was awarded the Gandhi International Peace Prize in 2006. At the bicentennial celebrations of international human rights in Paris in 1989, she was honoured along with Mother Theresa by President Mitterand of France. She also won the Crystal Award at the World Economic Forum 2006. She has been conferred five Doctorates by renowned universities, both national and international. She has received the prestigious Martin Luther King, Rosa Park, and Chavez Awards and is a visiting professor at the University of Michigan. A former UN Goodwill Ambassador for Population and Development, she continues to work on issues of public health. She has recently been nominated as Global Leadership Ambassador for Women in Public Service Project initiated by Hillary Clinton.



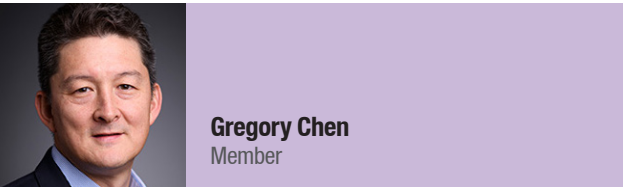
Stichting BRAC International Supervisory Board

Victoria Balyejusa Sekitoleko is a former Minister of Agriculture in the Ugandan government. She was a representative of the United Nations Food and Agriculture Organization (FAO) in China, Mongolia, and South Korea, and previously served as the FAO's representative in Ethiopia to the African Union and to the Economic Community for Africa.

Ms Sekitoleko is currently the chair of the governing board of the Uganda Agribusiness Alliance, which unites all those involved in the industry to optimise their ability to profitably and sustainably pursue the many global opportunities in the world's largest industry.

In 2010, Victoria founded the Uganda Community Cultural Center which trades as Speakers Forum. This trains professionals to become skilled presenters and also supports community libraries.

Ms Sekitoleko was educated at Makerere University in Kampala, where she attained a BSc in Agriculture majoring in Farm Management and Extension.



Stichting BRAC International Supervisory Board
BRAC International Holdings B.V. Supervisory Board

Gregory Chen has worked on financial inclusion for 25 years, with most of his work spanning across South Asia. His work focuses on hands-on advisory and implementation with microfinance institutions and, for the past decade, with newer players in digital finance. This has included work with digital players like bKash, Wave Money and also development organisations including the Aga Khan Development Network, BRAC, and Dvara. His work has included deep technical engagements with more than a dozen financial sector regulators. He has also worked as a corporate banker at Bank of America and with the financial services consulting firm Enclude.

Mr Chen is a member of CGAP's management team and oversees CGAP's policy Engagement. He focuses on helping policy makers adapt to the rapid change in the world of financial services brought on by technology, and particularly to ensure that financial systems can responsibly reach the disadvantaged.

Mr Chen is a regular speaker on microfinance and digital finance at the Boulder Institute for Microfinance, BRAC University, Johns Hopkins, Tufts University, Yale University, and American University, among others. He has a master's degree in international development from Harvard Kennedy School and a bachelor's degree from Wesleyan University.

GROUP FINANCE AND AUDIT COMMITTEE

Composition of the present finance and audit committee is as follows:

- Parveen Mahmud FCA, Chair
- Dr Muhammad Musa, Member
- Syed Abdul Muntakim, Secretary
- Sylvia Borren, Member
- Hans Eskes, Member

The primary function of the finance and audit committee is to assist the governing board in fulfilling its responsibilities on the:

- Financial reporting and budgeting processes
- System of internal controls and risk assessment
- Compliance with legal and regulatory requirements
- Qualifications, independence, and performance of the external auditors
- Qualifications, independence, and performance of the internal auditfunction

BRAC MYANMAR GOVERNANCE AND MANAGEMENT

Country Advisory Council Members

Daw Pansy Tun Thein
Dr. U Than Tun Sein
Daw Myint Myint Shwe

Country Management Team

ATM Tariqul Islam, Ph.D	Country Representative
Md Sazaduzzaman	Managing Director, BRAC Myanmar Microfinance Co., Ltd.
Sharmin Sultana	Head of Finance
Sakib Ahmed Chowdhury	Head of Internal Audit
Lian Huai	Head of Human Resources and Training
Aung Ko Ko	Manager, DRR & Resilience

BRAC Myanmar Microfinance Co., Ltd. (BMMCL)

Board members

Dr. Muhammad Musa	Chairperson
Shameran Abed	
M Anowar Hossain	
Syed Abdul Muntakim	
Johannes Maria Antonius Eskes	
ATM Tariqul Islam	
Md. Sazaduzzaman	Managing Director

DEVELOPMENT PARTNERS


BILL & MELINDA
GATES foundation

WHOLE
PLANET
FOUNDATION



AGRICULTURE, FOOD SECURITY AND LIVELIHOOD

The agriculture sector is the main source of livelihood for many households in rural areas, and employs 70% of the labour force. Weak market linkages, climate change, production costs, access to adequate financing, access to quality seed, and poor knowledge of good agricultural practices are challenges faced by farmers which require support from the government, non-government organisations, and private sector. Given the differing productivity of crops, lack of variety and focus on agriculture for livelihood, nutritional needs are often overlooked, particularly for children under-5 years.



OUR APPROACH

BRAC Myanmar adopts a nutrition-sensitive approach to its Agriculture, Food Security and Livelihood programme. Through our small-scale aquaculture support to farmers, our focus is to increase the availability and access of fresh water aquaculture products that are produced sustainably by small-scale fish farmers. Our project enables farmers to produce nutritious and affordable food, and provides an income opportunity for the poor and vulnerable households. We deliver modules covering aquaculture, pond-dike cropping, and nutrition to the households and producer groups in villages in Shwebo Township in Sagaing Region.

BRAC Myanmar also provides technical and financial support to smallholder farmers through access to credit. We developed a tailored agriculture loan product which considers the crop cycle and applies only 4 to 5 months of instalment scheme. BRAC Myanmar also provides financial literacy training to farmers in order to support them to manage their livelihood and small businesses.

MOVING FORWARD



In 2020, BRAC Myanmar will expand its reach to small-scale aquaculture farmers in Sagaing, Mandalay, and Southern Shan, focusing on improved market access and transformation of products to improve livelihood. We will continue to enhance gender-sensitive and inclusive approaches when working with small-scale farmers, and we plan to reach out directly to our Microfinance clients and local health clinics with nutritional messaging.



HIGHLIGHTS

The number of beneficiaries for BRAC Myanmar’s small-scale aquaculture project in Sagaing Region was increased from 256 households to **426** households

Financial literacy training was added as part of the modulated approach for **426** small-scale aquaculture farmers

Supported **25** demonstration farmers to support aquaculture activities in Shwebo and Sagaing Region

Provided **291,600** fingerlings to direct participants (200,500 rohu, 7,900 common carp, 75,250 silver barb, 5,550 gift tilapia and 2,400 small indigenous species)

Conducted weekly technical support visits for **170** new farmers and bi-weekly visits to **256** existing farmers

Provided **9,129** kg of fish feed to all demonstration farmers

Provided pH paper to **170** new farmers for testing pond water quality

Provided vegetable seed kits to **245** farmers for their nutrition improvement



CREATING HIGH PROTEIN FOODS FOR FISH FARMS IS MY HAPPINESS

Myo Myint Muang is a fish farmer from Min Kone Village, Shwe Bo Township. He works with the Myanmar Sustainable Aquaculture Programme (MYSAP INLAND) project and produces fish feed pellets. Before joining MYSAP INLAND, he had little experience and knowledge on fish farming and fish-feeding formulation. Other fellow fish farmers were in the same situation and used broken rice, sesame seeds, groundnut, and cotton seeds as feed. They usually bought fish feed from local feed pellet shops, without knowing what kind of protein and what percentage of protein it contained.

Myo joined BRAC Myanmar’s Small-Scale Aquaculture project and received training on “Aquaculture and Nutrition”. In February 2019, he also joined the session on “Feed Miller Training and Machines” which taught him how to combine raw materials to produce fish feed that would provide more protein. In collaboration with the MYSAP INLAND project, he now produces high quality fish feed pellets that he sells to the other farmers.

“I am extremely happy that I have a feed miller machine that can provide good protein foods for our fish farms,” says Myo. “I would like to thank BRAC Myanmar’s Small-Scale Aquaculture project for providing us valuable and effective techniques for fish farming”.

Myo Myint Muang plans to continue operating the feed miller and produce more fish feed that has high protein content.

OUR PROJECTS AND PRODUCTS

- Agriculture loan product
- Small-scale aquaculture and improved nutrition extension and training service delivery in Shwebo Township (funded by WorldFish)
- Small-scale Aquaculture Investments for Livelihoods and Nutrition in Myanmar (SAIL-NM) (funded by WorldFish)



EMERGENCY PREPAREDNESS AND RESPONSE PROGRAMME

Myanmar is exposed to cyclones, storm surges, tsunamis, strong winds, earthquakes and fires. Heavy rainfall induced flooding is a recurring phenomenon across the country while some parts of the country are exposed to landslides and droughts. There is a prevalence of limited access to knowledge, skills, and lack of equipment to cope with disasters resulting in low resilience and limited capacity to respond.



OUR APPROACH

BRAC Myanmar collaborated with national and local governments and other stakeholders to build the capacity for emergency preparedness and response in communities, schools, and local government in Yangon and Bago Regions. Through this project, we are building the capacity of local government officials, community volunteers, students, teachers and education department officials, and BRAC Myanmar staff by arranging training, conducting simulations, and supporting local disaster management committees to develop plans and procedures for emergency preparedness. Our overall objective is to create a culture of resilience and reducing exposure from disasters in Myanmar. We provide cash support, conduct health talks, orient on disaster risk reduction (DRR), and also provide training on good agricultural practices for farmers, access to safe drinking water and latrines, and nutritional support.



MOVING FORWARD

BRAC Myanmar acknowledges the interconnectedness between emergency preparedness and response and climate change adaptation. We aim to have a focus on resilience across all its programmes. Given the particular risk faced by vulnerable communities in urban settings, we are committed to exploring ways to improve our support in these areas.



HIGHLIGHTS

3,919 students and **317** members of the community participated in earthquake simulation exercises in Bago Township

Reformed the Disaster Management Committee (DMC) in two communities and two schools of Kyauktan and Bago Townships

A total of **442** participants (52 teachers, 200 school DMC members, 71 ward DMC members, and 119 local staff) have received training on First Aid, Search and Rescue, Disaster Preparedness, and Disaster Risk and Vulnerability (DRV)

Supported the development of two community-level Disaster Preparedness Plans (DPP)

A total of **80** BRAC staff have been trained on humanitarian leadership, DRR and Climate Change Adaptation, and DRV.

1,913 flood-affected people received cash support

354 flood-affected people were oriented on DRR and preparedness

283 people impacted by the flood received mobile health treatment services and **782** people received health knowledge



LEARNING BY EXPERIENCING

Zar Lwin is a 13 year old student, studying at No.7 Basic Education High School, in Bago Township, Myanmar. She came to know about BRAC Myanmar in 2016 when the country team visited the school to implement Disaster Risk Reduction (DRR) and Resilience Programme training sessions, simulation, and committee development. When Zar heard of the word “disaster” it reminded her of Cyclone Nargis and how badly it had affected their community. She realised the importance of DRR in order to be better prepared for future disasters.

Almost 200 students, including Zar, were selected as the official School Disaster Management Committee (SDMC) members. Since the beginning of the orientation, she was highly motivated to learn more about DRR and proactively contributed to the programme activities. Zar also decided to become a member of the Search and Rescue Committee in order to become more resourceful for both the school and the community.

“I thoroughly enjoyed taking part in the Disaster Risk and Vulnerability Assessment Training. I gained knowledge on disaster preparedness and response actions, which I can now share with my family and friends. I was intrigued to learn how to respond to a disaster through a simulation session,” says Zar.

BRAC Myanmar conducted an earthquake simulation exercise at Zar’s school with over 3,000 students and teachers. Zar simulated being stuck under some desks and waited for the rescue team members to find her. The Rescue Team was assigned to safely take Zar to the temporary evacuation zone, and the First Aid Team members took her to the ambulance. The simulation was designed to be extremely realistic, and it helped to prepare all the participants to be more confident about how to address future natural disasters.

OUR PROJECTS

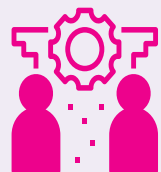
- International Emergency Preparedness Programme (funded by the Bill and Melinda Gates Foundation)
- Support for Recovery in Six flood-affected Communities at Bago Region by 2019 (funded by BRAC Bangladesh)

SUSTAINABLE DEVELOPMENT GOALS



MICROFINANCE

As of 2017, only 26% of Myanmar's adult population has an account with a formal financial institution. People living in poverty are further deprived from access to financial services, particularly those living in rural and hard-to-reach areas. They often rely on risky and unreliable means to access financial services from informal channels, which are expensive and exploitative.



OUR APPROACH

BRAC Myanmar Microfinance Company Limited (BMMCL) provides inclusive financial services to people living at the bottom of the pyramid, with a strong focus on women living in rural and hard-to-reach areas, and marginalised populations.

Alongside our collateral-free, group-based microloans provided exclusively to women, we also provide loans for small entrepreneurs, and microenterprise loans specifically tailored for women. We provide credit to smallholder farmers and have developed an inclusive financing product for persons with disabilities. We are also piloting an alternative loan repayment model through an agent network to provide greater benefit and convenience to our clients.

According to a 2019 baseline impact assessment (based on Lean Data surveys), clients noted improvements in their financial resilience in emergencies after working with BRAC. Across all our endeavours, we adhere to the Client Protection Principles and the Universal Standards for Social Performance Management. BMMCL also applied for a deposit-taking licence in 2019 to be able to provide clients with savings products and thereby further fortify their inherent resilience.



MOVING FORWARD

In alignment with its mission and 5-year strategic business plan, BMMCL strives to achieve transformative impact through scale-up of customised, client-centric products; digitisation and use of alternative delivery channels; and nurturing of local talent. Informed by impact assessments, we will continue to strengthen social performance and client protection initiatives, and maximise outreach to rural, more marginalised populations. With funding received from the Livelihood and Food Security Fund (LIFT), we seek to expand critical financial services in Kayin State, targeting displaced populations, persons with disabilities, and migrant women in peri-urban areas.



OPERATIONAL HIGHLIGHTS

Third largest branch network among microfinance operators in Myanmar, with **75** branches in **83** townships

Over **124,000** borrowers, of whom **96%** are women

Disbursed grants and/or loans to **486** persons with disabilities and agriculture loans to **2,063** smallholder farmers

2019 BASELINE IMPACT ASSESSMENT HIGHLIGHTS

93% of clients reported improvements in their quality of life, after engaging with BMMCL

81% reported using savings to pay for an emergency expenses, compared to only 47% before

97% of clients reported increases in income

84% saw improvements in their ability to save money, and 76% reported improved ability to better plan finances

60% reported contributing to family decisions more frequently



AN UNBROKEN SPIRIT

My name is Zar Chi Lin. I am 23 years old and I live in Mandalay. I experienced bullying when I was in school due to my physical condition. I could not go out or work like everyone else. It was hard for me to live a normal life.

I always wanted to contribute financially to the household as the eldest daughter of my family. We completely depend on the income of my father who works as a carpenter. It is hard for him to support our family by himself due to the irregular nature of his work.

As part of a project of BRAC Myanmar Microfinance for persons with disabilities, I received training on life skills, business development, and technical management. This gave me the knowledge and confidence that I needed to start my own business. I took a loan of 500,000 MMK [USD 358], and also received a 500,000 MMK [USD 358] as grant to buy stock to start my own clothing shop.

With BRAC Myanmar's support, I have gained the confidence to work towards my dream - to become the owner of the biggest shop in the biggest market of my city.



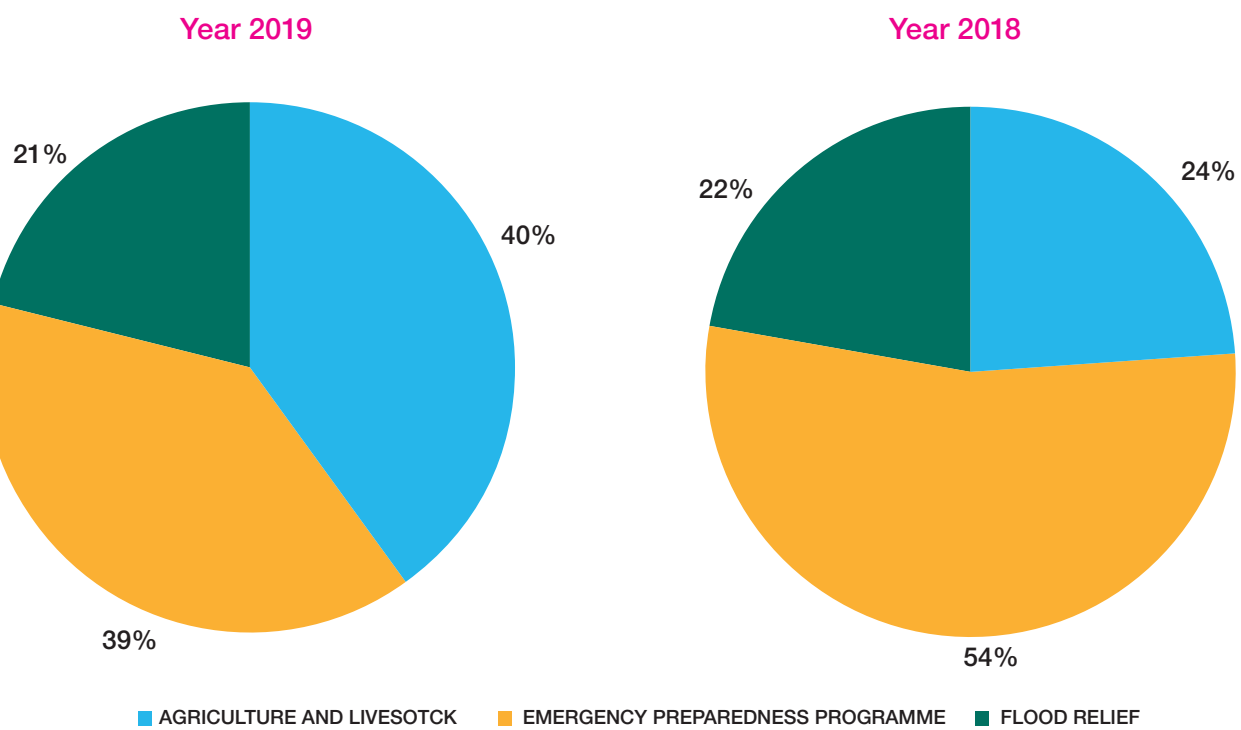
PROGRAMMES IN BRAC MYANMAR



FINANCIALS

OPERATIONAL AND FINANCIAL HIGHLIGHTS OF NGO PROGRAMMES

BRAC in Myanmar received grants amounting to USD 151,370 in 2019. Total Project expenses for the year were USD 254,814 (USD 156,185 in 2018). Out of the total expenses majority are expensed in Small-scale aquaculture and improved nutrition extension and training service delivery (Inland Mysap) by WorldFish and in Emergency preparedness and response programe supported by Bill & Melinda Gates Foundation. All most 87% of total expenditure is being used for programme service with only 13% being incurred for administrative expenses.

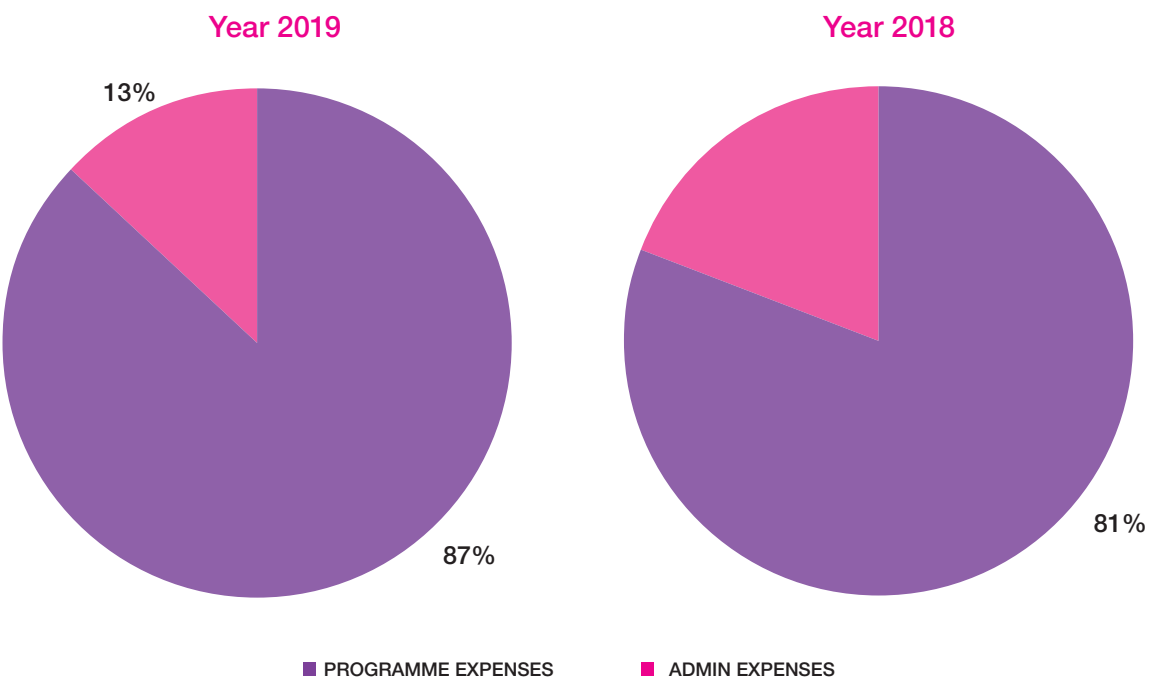


PROGRAMME COST BY NATURE OF PROGRAMMES (IN USD)

Programme	2019 (USD)	%	2018 (USD)	%
Agriculture and Livestock	101,987	40%	37,500	24%
Emergency Preparedness Programme	99,988	39%	85,226	54%
Flood relief	52,839	21%	34,159	22%
Total	254,814	100%	156,885	100%

PROGRAMME COST BY NATURE OF EXPENSES (IN USD)

Expenses	2019 (USD)	%	2018 (USD)	%
Programme expenses	222,849	87%	127,493	81%
Admin Expenses	31,965	13%	29,393	19%
Total	254,814	100%	156,886	100%



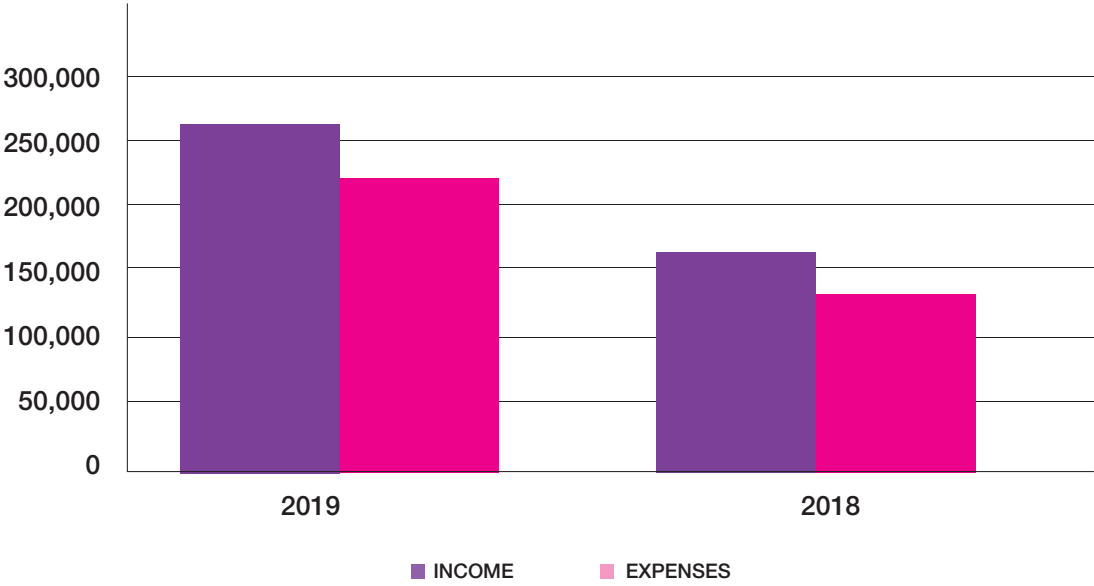
FIVE YEAR PERFORMANCE REVIEW

Currency	2019	2018
	USD	USD
Income Statement		
Grant Income	254,814	156,886
Other Income	-	-
Programme Expenses	222,849	127,493
Admin expenses	31,965	29,393
Financial Position		
Cash at Bank	270,015	140,415
Operational Statistics		
Number of Programmes	3	3

CONTRIBUTION TO GOVERNMENT EXCHEQUER

Particular	In USD	
	2019	2018
Staff Payroll Tax	1,098	1,081
Social Insurance	667	434

INCOME VS EXPENSES



OPERATIONAL AND FINANCIAL HIGHLIGHTS OF MICROFINANCE COMPANY LIMITED

NET INCOME

BRAC Myanmar Microfinance Company Limited completed its sixth years of operation in 2019. Net profit before tax for the year was USD 821,048 as against net profit before tax USD 252,629 in 2018.

Interest income earned during the year is USD 5,397,953 in 2019 as against USD 3,136,820 in 2018.

OPERATING EXPENSES

Total operating expenses for the year was USD 3,808,354 as against USD 2,498,882 in 2018 showing an increase 52%. This is mainly due to the openning of 15 new branches in 2019 increasing total number of branches to 75.

PROVISIONS FOR IMPAIRMENT LOSSES

This year amount charged for impairment of loans is USD 273,041 as against 22,924 in 2018. Total loan loss reserve was USD 485,869 (2018: USD 205,582) representing 1.79% of gross portfolio. Portfolio at Risk (PAR>30) is 0.83%.

FINANCIAL POSITION

In 2019 the company's total assets increased by 76% to USD 31,738,859. Loans and advances to customers increased by 102% and is now 85% of total assets.

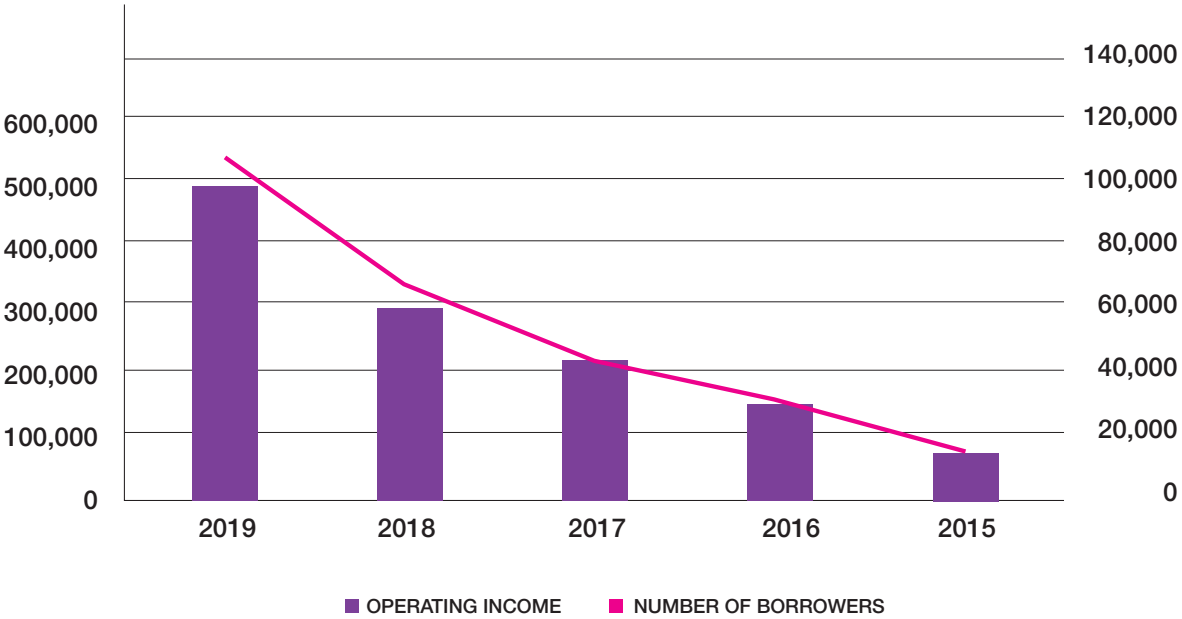
PERFORMANCE REVIEW

In USD	2019	2018	2017	2016	2015
Income Statement					
Operating Income	4,902,443	2,774,434	2,173,129	1,513,942	536,058
Net profit/(loss) before tax	8,21,048	252,629	35,094	(206,702)	(432,010)
Financial Position					
Total Asset	31,738,859	18,065,816	10,003,967	6,908,676	3,497,796
Net Equity	14,645,202	7,286,851	5,568,553	5,196,844	2,645,109
Loan to Customer (net)	27,053,529	13,398,300	8,951,932	5,644,011	2,178,298
Cash at Bank	3,616,925	4,200,047	756,356	1,048,668	1,132,377

PERFORMANCE REVIEW (CONTINUED)

In USD	2019	2018	2017	2016	2015
Contribution to government exchequer					
Income Taxes	231,705	-	-	-	-
Withholding tax	171,516	59,305	66,974	23,757	9,930
Social Security and pension	36,621	34,308	24,881	16,949	-
Returns and ratio					
Return on Asset	3.30%	1.80%	0.42%	-3.97%	-20%
Cost to income	83%	91%	98%	120%	186%
Operational Statistics					
Total Borrowers	124,889	75,998	50,977	38,270	16,837
PAR>30	0.83%	1.42%	0.79%	-	-

OPERATING INCOME VS NUMBER OF BORROWERS



BRAC MYANMAR MICROFINANCE COMPANY LIMITED

(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

GENERAL INFORMATION

DIRECTORS

Mr. Shameran Abed	-	Managing Director
Dr. Muhammad Musa	-	Director
Mr. Johannes Maria Antonius Eskes	-	Director
Mr. M Anowar Hossain	-	Director
Mr. Syed Abdul Muntakim	-	Director
Mr. ATM Tariqul Islam	-	Director

ADMINISTRATOR

Mr. Md Sazaduzzaman	-	General Manager
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PRINCIPAL PLACE OF BUSINESS

168. Kyun Shwe Myaing Lane 2
Bogyoke Ywa, Thuwunna
Thingangyun Township
Yangon
Myanmar

AUDITORS

Khin Su Htay & Associates Limited
Certified Public Accountants
Building No. C 1, Room No. 005 (Ground Floor), Hninnsi Street
Yuzana Highway Complex, Kamayut Township
Yangon, Myanmar

BANKERS

KBZ BANK

No.33 to 49, Corner of Bank St &
Mahabandoola Garden St
Kyauktada Township, Yangon

AYA Bank

No(12),Thanthumar St,
Thanthumar Housing ,Thingankunn
Yangon, Myanmar

YOMA Bank

No-05/B,Ground Floor,Myanmar Plaza,
Corner of Kabaraye Road & Sattmu 1 Rd,
Bahan township,Yangon

Myanma Economic Bank

Branch (1)
43-45 Pansodan St.
Kyauktada Township, Yangon

CB Bank

No(4/6),Thanthumar St,
Thingankuun
Yangon, Myanmar

May Bank

7th Floor,Centrepont Towers,
No-65 Corner of Sule Pagoda
Road & Merchant St, Yangon

The directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended 31 December 2019, which disclose the state of affairs of BRAC Myanmar Microfinance Company Limited.

a) Registration

BRAC Myanmar Microfinance Company Limited is a wholly owned subsidiary company of BRAC International Holdings B.V., a limited liability company registered under the laws of the Netherlands, with its registered office in The Hague.

BRAC Myanmar Microfinance Company Limited was incorporated as a limited liability company under the company Act on 15 October 2013 with its registration number 559 FC/13-14 and re-registered under the Myanmar Companies Law 2017 on 29 October 2018 with its new registration number 108090278 and registered office in Yangon, Myanmar.

The objective of the Company is to operate microfinance programme in Myanmar with a mandate to contribute towards alleviating poverty and attaining Sustainable Development Goals (SDGs) through promoting employment and income generating activities for the poor women.

b) Vision

A world free from all forms of exploitation and discrimination where everyone has the opportunity to realise their potential.

c) Mission

The Company’s mission is to empower people and communities in situations of poverty, illiteracy, disease and social injustice. The interventions aim to achieve large scale, positive changes through economic and social programmes that enable men and women to realize their potential.

d) Our values

Innovation- the Company has been an innovator in the creation of opportunities for the poor to lift themselves out of poverty. We value creativity in programme design and strive to display global leadership in ground-breaking development initiatives.

Integrity- the Company values transparency and accountability in all our professional work, with clear policies and procedures, while displaying the utmost level of honesty in our financial dealings. The Company holds these to be the most essential elements of our work ethic.

Inclusiveness- the Company is committed to engaging, supporting and recognizing the value of all members of society, regardless of race, religion, gender, nationality, ethnicity, age, physical or mental ability, socioeconomic status and geography.

Effectiveness- the Company values efficiency and excellence in all our work, constantly challenging ourselves to perform better, to meet and exceed programme targets, and to improve and deepen the impact of our interventions.

e) Principal activities

The Company provides Microfinance services to improve the livelihood of poor people in over 77 townships in Myanmar including extending loan facilities.

f) Financial performance

The Company’s performance during the year ended 31 December 2019 is as follows:

- Interest income on loans increased by 81% from MMK 4,518 million in 2018 to MMK 8,182 million in 2019.
- Loans and advances to customers increased by 93% from MMK 20,767 million in 2018 to MMK 40,033 million in 2019. Loan disbursement increased by 76% from MMK 42,716 million in 2018 to MMK 75,252 million in 2019. Loan realisation increased by 63% from MMK 34,412 million in 2018 to MMK 55,926 million in 2019.
- Operating expenses increased by 60% from MMK 3,599 million in 2018 to MMK 5,772 million in 2019.
- Total Assets increased by 68% from MMK 28,002 million in 2018 to MMK 46,967 million in 2019.
- During the year, the Company had a net profit of MMK 893 million (2018 – profit of MMK 363 million).

g) Results from operation

The results for the Company's operation for the year ended 31 December 2019 are set out on page 42.

h) Composition of Directors

The directors who served during the year and up to the date of this report are set out on page 33.

i) Directors' benefits

No director has received or entitled to receive any benefits during the financial year.

j) Corporate governance

The directors are committed to the principles of good corporate governance and recognize the need to conduct the business in accordance with generally accepted best practice. In so doing the directors therefore confirm that:

- The Board of Directors met regularly throughout the year;
- They retain full and effective control over the Company;
- The Board accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance; and
- They bring skills and experience from their own spheres of business to complement the professional experience and skills of the management team.

In 2019 the Company had six directors. The Board continued to carry out its role of formulating policies and strategies of the Company, reviewing the business plan, ensure that the accounting system is maintained in accordance with acceptable standards, the books of the Company are kept properly, and that accounts are checked by authorized auditors, as well as recruitment and development of key personnel.

k) Risk management

The board accepts the final responsibility for the risk management and internal control system of the Company. The management ensures that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

l) Management structure

The Company is under the supervision of the Board of Directors and the day to day management is entrusted to the Country Representative who is assisted by the heads of divisions, departments and units. The organization structure of the Company comprises of the following divisions:

- Micro Finance Program (MF)
- Finance & Accounts;
- Administration
- Internal audit;
- Monitoring Unit;
- IT and MIS;
- Human resources;
- Communications.
- Public Relations

m) Related party transactions

Related party transactions are disclosed in Note 22 and 26 to the financial statements.

n) Future development plans

Microfinance Program

- New 20 Microfinance branches shall be opened in 2020 and increasing the number of borrowers by 102,418.
 - For Enhancing the customer experience, reach more clients and increase organizational efficiency BRAC planing and implementing digitisation (tablet-based front-end platform, real-time data for better monitoring and management) to improve client services and drive operational efficiency
- The Agriculture loan will be expanded in different branches in next year. Finally BRAC got license for taking voluntary savings as deposit taking institutions which ly helps BRAC retain and attract more customers.

o) Key achievement in 2019

The following are the Company's key achievements for the year:

- The Microfinance borrower size increased by 48,891 in 2019.
- 682 staffs of different departments received various trainings in financial, operational management and management competency.

p) Solvency

The Board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of directors has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

q) Gender parity

In 2019, the company had a total staff of 842. The female staff are 719 and male are 123.

r) Employees' welfare

Management/employee relationship

There were continued good relation between employees and management for the year 2019. There were no unresolved complaints received by management from the employees during the year. New performance incentive schemes were introduced in 2016 which is helping to identify staffs who needs more care and capacity development.

The Company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

Training

Training and development of staff capacity is one of the key priorities of the Company. This year all the Branch Accountants received hands-on training on their day to day responsibilities. All the program staffs from received training as prescheduled. The Company will continue to train, re-train and develop its staff in order to improve service delivery and innovation.

Medical assistance

The Company reimburses medical expenses incurred by employees for medical treatment.

Social security contribution

All eligible employees are required to contribute National Social Security Scheme managed by Social Security Board at the rate 5% of salary maximum of MMK 15,000. As a employer BRAC pays 3% of this social security contribution on behalf of the employees.

As a result of contribution to this security fund, employees get sickness benefits, maternity benefits and grant, paternity benefits and grant, medical benefits, funeral grant, and many more.


s) Auditors

The auditors, Khin Su Htay & Associates Limited, have indicated their willingness to accept re-appointment.

t) Approval of the financial statements

The financial statements were approved by the directors at a meeting held on 2020.

By Order of the board



Director
Syed Abdul Muntakim
Director Finance
Stichting BRAC International



Director
Shameran Abed
Sr. Director Mirofinance
BRAC & BRAC International

BRAC MYANMAR MICROFINANCE COMPANY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at 31 December 2019, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these 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. They are also responsible for safe guarding the assets of the company.


The directors are required to prepare financial statements for each year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results of the Company for that year. It also requires the directors to ensure the Company keeps proper accounting records that disclose with reasonable accuracy the financial position of the Company.

The directors accept responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with International Financial Reporting Standards. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs and the profit and cash flow for the year ended 31 December 2019. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not be a going concern for the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements, as indicated above, were approved by the board of directors on2020 and were signed on its behalf by:



Director
Syed Abdul Muntakim
Director Finance
Stichting BRAC International



Director
Shameran Abed
Sr. Director Mirofinance
BRAC & BRAC International

INDEPENDENT AUDITOR'S REPORT

To the members of BRAC Myanmar Microfinance Company Limited

Opinion

We have audited the financial statements of BRAC Myanmar Microfinance Company Limited ("BRAC" or also referred as "the Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements of the Company are properly drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 December 2019 and the results, changes in equity and cash flows of the Company for the year then ended. The accounting records required by the Company have been properly kept.

Basis for opinion

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

Responsibilities of Management of the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit 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.



Than Tint
CPA (P.A 103)
Managing Director
Khin Su Htay & Associates Limited
Certified Public Accountants



BRAC MYANMAR MICROFINANCE COMPANY LIMITED
 (RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)
 STATEMENT OF PROFIT OR LOSS
 FOR THE YEAR ENDED 31 DECEMBER 2019

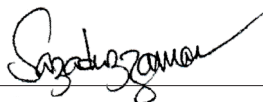
	Notes	2019 Kyats	2018 Kyats	2019 USD	2018 USD
Service charge on loan		8,182,172,497	4,518,327,669	5,397,953	3,136,820
Interest and other financial expenses	5	2,154,813,645	1,204,798,384	1,421,576	836,424
Net income from service charge		6,027,358,852	3,313,529,285	3,976,377	2,300,396
Membership and other fees	6	1,014,332,408	551,331,700	66,9177	382,758
Other income	7	45,191,320	56,061,166	29,814	38,920
Grant income	8	34,41,99,104	75,419,015	227,075	52,359
		1,403,722,832	682,811,881	926,066	474,038
Total operating income		7,431,081,684	3,996,341,166	4,902,443	2,774,434
Impairment loss on loan	16.2	4,138,72,647	33,019,836	273,041	22,924
Operating income after impairment charge		7,017,209,037	3,963,321,330	4,629,402	2,751,510
Staff costs	9	3,339,912,907	2,200,089,771	2,203,412	1,527,398
Other operating expenses	10	2,322,697,221	1,316,624,101	1,532,333	914,058
Depreciation and amortization	11	110,061,570	82,717,082	72,610	57,426
Total operating cost		5,772,671,698	3,599,430,954	3,808,354	2,498,882
Profit/ (loss) before tax		1,244,537,338	363,890,376	821,048	252,629
Income tax expenses		351,216,012	-	231,705	-
Profit for the year		893,321,326	363,890,376	589,343	252,629




Head of Finance
 BRAC Myanmar Microfinance
 Company Limited



Director
 Syed Abdul Muntakim
 Director Finance
 Stichting BRAC International



General manager
 BRAC Myanmar Microfinance
 Company Limited




Director
 Shameran Abed
 Sr. Director Mirofinance
 BRAC & BRAC International

BRAC MYANMAR MICROFINANCE COMPANY LIMITED
 (RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)
 STATEMENT OF OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 Kyats	2018 Kyats	2019 USD	2018 USD
Profit for the year	12	893,321,326	363,890,376	589,343	252,629
Other comprehensive income					
Unrealised exchange differences on translation of assets and liabilities		160,326,709	(159,706,521)	105,771	(110,876)
Total comprehensive (loss)/income for the year, net of tax		1,053,648,035	204,183,855	695,114	141,753



Head of Finance
 BRAC Myanmar Microfinance
 Company Limited



Director
 Syed Abdul Muntakim
 Director Finance
 Stichting BRAC International



General manager
 BRAC Myanmar Microfinance
 Company Limited




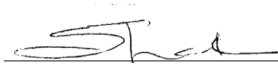
Director
 Shameran Abed
 Sr. Director Mirofinance
 BRAC & BRAC International


BRAC MYANMAR MICROFINANCE COMPANY LIMITED
(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 Kyats	2018 Kyats	2019 USD	2018 USD
Assets					
Property and equipment	13	256,100,547	188,265,017	173,064	121,461
Intangible assets	14	88,520,882	87,811,893	59,819	56,653
Other assets	15	1,236,405,020	448,501,134	835,522	289,356
Loans to customer	16	40,033,812,289	20,767,364,824	27,053,529	13,398,300
Cash and cash equivalents	17	5,352,325,203	6,510,072,460	3,616,925	4,200,047
Total assets		46,967,163,941	28,002,015,328	31,738,859	18,065,816
Equity					
Share capital	18	19,666,150,000	10,967,370,000	13,289,735	7,075,723
Donor grants	19	1,825,781,007	1,248,185,174	1,233,803	805,280
Retained earnings	20	180,039,312	(920,935,370)	121,665	(594,152)
Total equity		21,671,970,319	11,294,619,804	14,645,202	7,286,851
Liabilities					
Loans and borrowings	21	18,686,215,802	12,848,237,234	12,627,528	8,289,185
Related party payables	22	2,241,623,939	1,657,084,954	1,514,815	1,069,087
Member savings payable	23	3,782,426,577	2,092,743,310	2,556,039	1,350,157
Other liabilities	24	584,927,305	109,330,026	395,275	70,536
Total liabilities		25,295,193,622	16,707,395,524	17,093,657	10,778,965
Total equity and liabilities		46,967,163,941	28,002,015,328	31,738,859	18,065,816

The accompanying notes form an integral part of these financial statements.


Head of Finance
BRAC Myanmar Microfinance
Company Limited


Director
Syed Abdul Muntakim
Director Finance
Stichting BRAC International


General manager
BRAC Myanmar Microfinance
Company Limited


Director
Shameran Abed
Sr. Director Mirofinance
BRAC & BRAC International

BRAC MYANMAR MICROFINANCE COMPANY LIMITED
(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital Kyats	Share money deposit Kyats	Retained earnings Kyats	Donor grant Kyats	Total equity	
					Kyats	USD
At 1 January 2018	7,332,540,000	684,885,345	(1,301,803,971)	868,747,756	7,584,369,130	5,568,553
Share Capital	3,634,830,000	(684,885,345)	-	-	2,949,944,655	1,903,190
Profit/(Loss) for the year	-	-	363,890,376	-	363,890,376	234,768
Other comprehensive income	-	-	(159,706,521)	-	(159,706,521)	(110,875)
Impact of IFRS 9 initial recognition	-	-	176,684,746	-	176,684,746	129,724
Donor Grants	-	-	-	379,437,418	379,437,418	244,798
Foreign currency translation differences	-	-	-	-	-	(683,307)
At 31 December 2018	10,967,370,000	-	(920,935,370)	1,248,185,174	11,294,619,804	7,286,851
At 1 January 2019	10,967,370,000	-	(920,935,370)	1,248,185,174	11,294,619,804	7,286,851
Share Capital	8,698,780,000	-	-	-	8,698,780,000	5,878,348
Profit/(Loss) for the year	-	-	893,321,326	-	893,321,326	589,343
Other comprehensive income	-	-	160,326,709	-	160,326,709	105,771
Impact of IFRS 9 initial recognition	-	-	47,326,647	-	47,326,647	31,222
Donor Grants	-	-	-	577,595,833	577,595,833	390,320
Foreign currency translation differences	-	-	-	-	-	363,346
At 31 December 2019	19,666,150,000	-	180,039,312	1,825,781,007	21,671,970,319	14,645,202

The accompanying notes form an integral part of these financial statements.

BRAC MYANMAR MICROFINANCE COMPANY LIMITED
(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 Kyats	2018 Kyats	2019 USD	2018 USD
Cash flows from operating activities					
Net cash flow from operations	12	1,541,963,299	406,613,890	1,014,444	277,963
Loan disbursements		(75,252,100,000)	(42,716,550,000)	(49,645,411	(29,655,690)
Loan collection		55,926,957,865	34,411,601,333	36,896,204	23,890,033
Net cash used in operating activities		(17,783,178,836)	(7,898,334,778)	(11,734,763)	(5,487,694)
Cash flows from investing activities					
Acquisition of property and equipment		(135,793,995)	(68,105,000)	(89,586)	(34,280)
Acquisition of intangible asset		(42,812,094)	(26,004,350)	(28,931)	(18,053)
Net cash used in investing activities		(178,606,089)	(94,109,350)	(118,517)	(52,333)
Cash flows from financing activities					
Members savings		1,689,683,267	555,969,203	1,141,832	358,690
Proceeds from issue of share capital		8,698,780,000	3,634,830,000	5,878,348	2,345,052
Grant received in advance		577,595,833	379,437,418	390,320	244,798
Term loan		5,837,978,568	9,587,008,449	3,945,113	6,185,167
Share money deposit		-	(684,885,345)	-	(441,862)
Net cash from financing activities		16,804,037,668	13,472,359,725	11,355,614	8,691,845
Net increase/(decrease) in cash and cash equivalents		(1,157,747,257)	5,479,915,597	(497,666)	3,151,817
Cash and cash equivalents at 1 January		6,510,072,460	1,030,156,863	4,200,047	1,004,052
Effect of exchange rate fluctuation on cash				(85,456)	44,178
Cash and cash equivalents at 31 December	17	5,352,325,203	6,510,072,460	3,616,925	4,200,047

The accompanying notes form an integral part of these financial statements.

BRAC MYANMAR MICROFINANCE COMPANY LIMITED
(RE-REGISTERED UNDER THE MYANMAR COMPANIES LAW 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Reporting entity

BRAC Myanmar Microfinance Company Limited is a wholly owned subsidiary company of BRAC International Holdings B. V., a limited liability company registered under the laws of Netherlands, with its registered office in The Hague.

BRAC Myanmar Microfinance Company Limited was incorporated as a limited liability company under the company Act on 15 October 2013 with its registration number 559 FC/13-14 and re-registered under Myanmar Companies Law 2017 on 29 October 2018 with its new registration number 108090278 and registered office in Yangon, Myanmar.

The objectives of the Company is to operate microfinance business in Myanmar with a mandate to contribute towards alleviating poverty and attaining Millennium Development Goals through promoting employment and income generating activities for the poor women .

2. Basis of preparation

a. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements were issued by the Board of Directors on

b. Basis of measurement

The financial statements are prepared under the historical cost convention except for the financial instruments at fair value through profit and loss which are measured at fair value when required.

c. Functional and presentation currency

The financial statements are presented in Myanmar Kyats, which is the Company's functional currency.

Memorandum figures

The memorandum column representing the results in United States Dollars (USD) are for presentation purposes only, and do not form part of the audited financial statements.

The exchange rates used to translate the MMK figures to USD memorandum were as follows:

- Assets and liabilities were translated at the closing rate at 31 December 2019 which of MMK 1,479.80 (2018:MMK 1,550);
- Income and expenses were translated using an average exchange rate for the period of MMK 1,515.79 (2018: MMK 1,440.42);

2. Basis of preparation (continued)
d. Use of estimation and judgments

The preparation of Company's financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the reported period. Actual results ultimately may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3. Significant accounting policies
a. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which is recognised directly in equity.

b. Revenue recognition

Revenue is recognized on accrual basis.
(i) Interest income on loans and advances

Interest income and expenses are recognized on accrual basis taking into account the effective interest rate.

Interest income includes the amortization of any discount at premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

The effective rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and charges paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

The requirements of IFRS 9 require the suspension of recognition of interest on the impaired part of the loan and interest on the impaired part of the loan.

3. Significant accounting policies (continued)
b. Revenue recognition (continued)

(ii) Membership fees and other charges

Membership fees and other charges are recognized on an accrual basis when the service has been provided.

(iii) Other income

Other income comprises of house rent received from local staff for using the office residence and gain on foreign currency translation.

c. Grants income

Grants and contributions from donor organisations or individuals constitute an important part of BRAC Myanmar Microfinance Company Limited's resources as some its MFI operation/ projects are partially financed by grants and contributions provided by donors. Grants are assistance in the form of transfers of resources to the company, in return for past or future compliance with certain terms and conditions relating to the operating activities of the Company. Grants or contributions from donor can be of 4 categories-

- i. Unrestricted
- ii. Restricted
- iii. Grants investment in Fixed asset
- iv. Contribution in kind

The Company received grants from donors of different projects are all restricted grants. Restricted grants refer to grants that must be spent in the exact way the donor agreement describes.

All restricted grants received are initially recorded in the grant received in advance account as liabilities for the period in accordance with IAS 20. Periodically, a portion of the grant is recognised as revenue, based on the expenses incurred for the period. This method follows the proposition that the Company earns its revenue based on its activities or performance, as expressed in its expenses. The revenue is always equal to expenses; unspent portion of the grant remains as a liability.

The portion of the grants utilized to disburse group loans, are transferred as deferred income in loans to group members.

For projects and programs, any expenditures yet to be funded but for which funding has been agreed at the end of the reporting period is recognized as Grants receivable.

d. Income tax

Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. During the year 2019 the Company earned profits and paid MMK 348 million as advance tax to the tax authorities.

3. Significant accounting policies (continued)
e. Financial assets and liabilities

(i) IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively.

The following table summarizes the impact, net of tax, of transition to IFRS 9 on the opening balance of reserves and retained earnings.

Retained earnings	MMK
Reduction of expected credit losses under IFRS 9	47,326,647
Impact as at 1 January 2019	47,326,647

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

(1) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the entity's accounting policies related to financial assets and financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI-debt investment; FVOCI-equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the entity may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the entity may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at amortised cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value using the effective interest method. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Debt investments at FVTPL	These assets are subsequently measured at Fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairments are recognised in profit and loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investment at FVTPL	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2019 relates solely to the new impairment requirements, as described further below.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the entity's financial assets as at 1 January 2019.

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Cash and cash equivalents	Loans and receivables	Amortised cost	6,510,072,460	6,510,072,460
Deposits	Held to maturity	Amortised cost	-	-
Loans to customer	Loans and receivables	Amortised cost	20,767,364,824	20,767,364,824
Other assets	Loans and receivables	Amortised cost	448,501,134	448,501,134
Total financial assets			27,725,938,418	27,725,938,418

Loans and advances to customers that were classified as loans and receivables under IAS 39 are now classified at amortized cost. A decrease of MMK 47,326,647 in the allowance for impairment over these loans and advances to customers was recognized in opening retained earnings at 1 January 2019 on transition to IFRS 9.

(2) Impairment of financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The financial assets at amortized cost consist of Loans and advances to customers, cash and cash equivalents, short term deposits and trade receivables.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The entity measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and other debt securities and bank balances for which credit risk (i.e. the risk of default occurring
- over the expected life of the financial instrument) has not increased significantly since initial recognition .

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the entity considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and assessment and including forward-looking information.

The entity assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The entity considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the entity in full, without recourse by the entity to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the entity is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the entity assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to loans and advances to customers are presented in the statement of profit or loss and OCI under “Net movement in impairment losses on loans and advances”

Impact of the new impairment model

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The entity has determined that the application of IFRS 9’s impairment requirements at 1 January 2019 results in an additional impairment allowance as follows;

	MMK
Impairment allowance at 31 December 2018 under IAS 39	275,738,720
Impairment allowance reduced at 1 January 2019 on:	
Loans and advances to customers as at 31 December 2018	(47,326,647)
Deposits	-
Other assets	-
Cash and cash equivalents	-
Impairment allowance as at 1 January 2019 using IFRS 9	228,412,073

(ii) IFRS 15 Revenue from contracts with customers

IFRS 15, revenue from contracts with customers, which replaced IAS 18, revenue and IAS 11, construction contracts, has been applied effective from 1 January 2019. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The standard establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five-step model requires the entity to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognize revenue as each performance obligation is satisfied.

There are no significant impacts from the adoption of IFRS 15 in relation to the timing of when the entity recognizes revenues or when revenue should be recognized gross as a principal or net as an agent. Therefore, BRAC will continue to recognize fee and commission income charged for services provided by the entity as the services are provided (for example on completion of the underlying transaction). Revenue recognition for interest income on loans and advances is recognized based on requirements of IFRS 9.

f. Property and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Costs comprises its purchase price and any cost directly attributable in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Subsequent to initial recognition, property and equipment are stated at cost less accumulated depreciation and impairment losses. The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. Major improvements that increase the life of the asset are capitalized.

ii. Subsequent cost

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The costs of the day-to-day servicing and maintenance of property and equipment are recognised in the statement of comprehensive income as incurred.

iii. Depreciation

All property and equipment are depreciated on a straight line basis to write off the costs of the assets over the expected useful lives. Depreciation is recognised as an expense in profit or loss of each component of an item of property and equipment unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the property and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Furniture & Fixtures	10%
Computer/Laptop	20%
Equipments	33.33%
Vehicles	20%

Management reviews the depreciation methods, residual value and useful life of an asset at the year end and any change considered to be appropriate in accounting estimate is recorded through the statement of profit or loss.

g. Intangible asset

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortization and any impairment losses.

The Company has accounting software Sbi Cloud acquired during the year and it is amortised on a straight line basis over its finite useful life of 4 years.

h. Operating lease

BRAC is involved in operating leases as the lessee for rental property serving as office space. The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease, which is typically twelve (12) months.

i. Provisions

A provision is recognised if, as a result of a past event, BRAC Myanmar Microfinance Company Limited has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The loan loss provision is calculated based on the ageing of default loans in the portfolio on the following basis:

Name	Period of default	Provision % on default loans*
Current	Performing loans	1%
Sub-standard	30 days past due	10%
Watch	31- 60 days past due	50%
Doubtful	61-90 days past due	75%
Loan loss	over 90 days past due	100%

j. Related party transactions

Related parties comprise directors, subsidiaries of Stichting BRAC International and key management personnel of the company and companies with common ownership and/or directors.

k. Adoption of new and revised standards

i) New and amended standards adopted by the Company

The Company has adopted the following standards for the first time for the financial year beginning on or after 1 January 2019:

New amendments or interpretation	Effective date
IFRS 9 Financial Instruments	1 January 2019
IFRS 15 Revenue from contracts with customers	
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	
Transfers of Investment Property (Amendments to IAS 40)	
Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IFRS 1 and IAS 28)	
IFRIC 22 Foreign Currency Transactions and Advance Consideration	

New amendments or interpretation effective for annual periods beginning on or after 1 January 2019 are summarized below:

New amendments or interpretation	Effective date
IFRS 16 Leases	1 January 2019
IFRIC 23 Uncertainty over income tax treatments	
Prepayment Features with Negative Compensation (Amendments to IFRS 9) Ventures	
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	
Plan Amendments, Curtailment or Settlement (Amendments to IAS 19)	
Annual Improvements to IFRSs 2015-2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)	

All Standards and Interpretations were adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

IAS 28, IAS 19, are not applicable to the business of the entity and will therefore have no impact on future financial statements. The directors are of the opinion that the impact of the application of the remaining Standards and Interpretations will be as follows:

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 includes a single model for lessees which will result in almost all leases being included in the Statement of Financial Position. No significant changes have been included for lessors.

IFRS 16 also includes extensive new disclosure requirements for both lessees and lessors. Management is still assessing the impact of this standard on the Company's financial Statements

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgments made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

The interpretation is not expected to have a significant impact on the financial statements of the Company.

IFRIC 23 applies for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

The amendments clarify those financial assets containing prepayment features with negative compensation can now be measured at amortized cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

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	2019 Kyats	2018 Kyats	2019 USD	2018 USD
4. Service charge on loan				
Group loans (Microfinance)	6,169,829,037	4,112,774,111	4,070,367	2,855,267
Small Enterprises Program (SEP)	1,209,268,744	355,388,224	797,780	246,726
Woman Enterprise Programme (WEP)	749,565,681	47,489,188	494,504	32,969
Digital Agriculture Loan	48,324,333	2,676,146	31,881	1,858
Inclusive finance to disable person	5,184,702	-	3,420	-
	8,182,172,497	4,518,327,669	5,397,953	3,136,820
5. Interest and other financial expenses				
Interest on member savings	354,659,133	181,265,953	233,976	125,843
Interest on term loan	1,650,831,098	764,976,284	1,089,088	531,080
Interest on short term loan	-	143,804,244	-	99,835
Other financial expenses	149,323,414	114,751,903	98,512	79,666
	2,154,813,645	1,204,798,384	1,421,576	836,424
6. Membership and other fees				
Membership fee	52,020,500	46,768,500	34,319	32,469
Loan appraisal fee	511,258,500	427,165,500	337,288	296,557
Sales of passbook	33,518,500	24,033,500	22,113	16,685
Death benefit fee	9,157,000	8,467,200	6,041	5,878
Insurance fee	47,997,500	44,877,000	31,665	31,156
Interest on staff loan	11,075,220	20,000	7,307	14
Fees on Loan	349,305,188	-	230,444	-
	1,014,332,408	551,331,700	669,177	382,758
7. Other income				
Non-operational	45,707,626	17,193,880	30,154	11,937
Realized exchange gain	(516,306)	38,867,286	(341)	26,983
	45,191,320	56,061,166	29,814	38,920
8. Grants income				
Transferred to statement of income and expenses	341,758,136	74,522,116	225,465	51,736
Transferred from deferred grant (depreciation)	2,440,968	896,899	1,610	623
	344,199,104	75,419,015	227,075	52,359

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	2019 Kyats	2018 Kyats	2019 USD	2018 USD
9. Staff Costs				
Salaries	3,020,327,356	1,997,602,778	1,992,574	1,386,823
Per diem	2,281,740	1,733,533	1,505	1,203
Leave salaries	35,601,598	46,112,527	23,487	32,013
Social Security benefit expense	47,717,572	26,906,847	31,480	18,680
Staff bonus	233,984,641	127,734,086	154,365	88,679
	3,339,912,907	2,200,089,771	2,203,412	1,527,398
10. Other operating expenses				
Occupancy expenses (N-10.1)	374,053,389	297,981,436	246,771	206,872
Travel & transportation expenses (N-10.2)	364,374,660	199,512,661	240,386	138,510
Maintenance and general expenses (N-10.3)	855,720,881	426,215,404	564,537	295,897
Stationary expenses	124,315,979	58,843,009	82,014	40,851
Staff training cost	71,180,118	36,800,042	46,959	25,548
HO logistics expenses	450,733,719	252,511,725	297,359	175,305
Audit and professional fee (N-10.4)	82,318,475	44,759,824	54,307	31,074
	2,322,697,221	1,316,624,101	1,532,333	914,058
10.1 Occupancy expenses				
Rent	346,390,888	283,262,206	228,521	196,653
Utilities	27,662,501	14,719,230	18,250	10,219
	374,053,389	297,981,436	246,771	206,872
10.2 Travel & transportation expenses				
Travel and transportation	280,743,699	159,855,071	185,213	110,978
Technical teams visit	-	2,581,022	-	1,792
Air Tickets & VISA cost	83,630,961	37,076,568	55,173	25,740
	364,374,660	199,512,661	240,386	138,510
10.3 Maintenance and general expenses				
Wi-Fi and Mobile SIM & Bill	45,808,721	50,207,313	30,221	34,856
Maintenance and general expenses	141,315,925	80,698,298	93,229	56,024
Meals	117,714,112	85,091,635	77,659	59,074
Accommodation (hotel fare)	58,541,849	22,722,812	38,621	15,775
Meeting expenses	14,700,824	5,275,445	9,698	3,662
Design and development	-	403,916	-	280
Need assessment cost	18,600,000	1,144,824	12,271	795
Bank charge	20,962,036	10,109,651	13,829	7,019
Medical expenses	5,268,406	1,215,092	3,476	844

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	2019 Kyats	2018 Kyats	2019 USD	2018 USD
Uniform cost	28,998,000	6,903,500	19,131	4,793
Business license & registration	55,921,510	56,189,205	36,893	39,009
Visibility & communication expense	6,920,773	5,916,866	4,566	4,108
Vehicle maintenance & fuel	55,375,336	20,498,985	36,532	14,231
Stipends	-	7,881,156	-	5,471
Baseline and Endline Study	965,700	-	637	-
Assets distribution of grant project	151,151,290	-	99,718	-
Event and workshop expense	5,059,268	462,100	3,338	321
Cash and bank write off	195,000	646,250	129	449
Automation expenses	105,697,669	52,656,600	69,731	36,557
Member death benefit	21,100,000	16,700,000	13,920	11,594
Fixed asset write-off	1,424,462	1,491,756	940	1,036
	855,720,881	426,215,404	564,537	295,897
10.4 Audit and professional fee				
Professional & consultancy fee	66,898,475	34,595,825	44,134	24,018
Audit fee	15,420,000	10,163,999	10,173	7,056
	82,318,475	44,759,824	54,307	31,074
11. Depreciation & amortization				
Depreciation	67,958,465	57,818,088	44,834	40,140
Amortization	42,103,105	24,898,994	27,776	17,286
	110,061,570	82,717,082	72,610	57,426
12. Cash generated from operations				
Net profit/(loss) for the year	893,321,326	363,890,376	589,343	252,629
Other comprehensive income/(expenses)	160,326,709	(159,706,521)	105,771	(110,875)
Depreciation & amortization	110,061,570	81,270,137	70,360	56,421
Loan loss provision	413,872,647	33,019,836	273,041	22,924
Cash flow before changes in working capital	1,577,582,252	318,473,828	1,038,514	221,098
Changes in working capital				
Decrease/(increase) of receivables and other current assets	(787,903,886)	(309,023,420)	(532,439)	(199,370)
Decrease/(increase) in interest receivable	(307,851,331)	(126,220,250)	(208,036)	(81,432)
Increase/(decrease) of related party payables	584,538,984	512,481,709	395,012	330,633
Increase/(decrease) of current liabilities	475,597,279	10,902,023	321,393	7,034
Net cash generated from operations	1,541,963,299	406,613,890	1,014,444	277,963

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13. Property and equipment

	Furniture & Fixtures Kyats	Computer Kyats	Equipment Kyats	Motor vehicles Kyats	Total Kyats	Total USD
Cost						
At 1 January 2018	85,638,000	70,557,390	35,003,410	99,692,000	290,890,800	213,576
Additions	20,962,900	21,092,700	12,886,100	16,995,000	71,936,700	49,942
Transfer to NGO	-	(940,000)	-	-	(940,000)	(653)
Write-off	(425,850)	(823,350)	(797,500)	(845,000)	(2,891,700)	(2,008)
Effect of movements in exchange rate	-	-	-	-	-	(29,247)
At 31 December 2018	106,175,050	89,886,740	47,092,010	115,842,000	358,995,800	231,610
At 1 January 2019	106,175,050	89,886,740	47,092,010	115,842,000	358,995,800	231,610
Additions	45,698,000	62,985,101	17,780,850	10,945,000	137,408,951	90,652
Transfer to NGO	-	-	(254,000)	-	(254,000)	(168)
Write-off	(1,921,082)	(612,075)	(1,404,628)	(834,000)	(4,771,785)	(3,148)
Effect of movements in exchange rate	-	-	-	-	-	13,111
At 31 December 2019	149,951,968	152,259,766	63,214,232	125,953,000	491,378,966	332,058
Accumulated depreciation						
At 1 January 2018	17,502,226	28,100,262	22,179,910	46,577,242	114,359,640	83,964
Additions	9,516,051	15,570,124	10,555,506	22,176,407	57,818,088	40,140
Transfer to NGO	-	(47,001)	-	-	(47,001)	(33)
Write-off	(145,987)	(425,390)	(695,787)	(132,780)	(1,399,944)	(972)
Effect of movements in exchange rate	-	-	-	-	-	(12,950)
At 31 December 2018	26,872,290	43,197,995	32,039,629	68,620,869	170,730,783	110,149
At 1 January 2019	26,872,290	43,197,995	32,039,629	68,620,869	170,730,783	110,149
Additions	12,562,991	21,282,877	10,249,724	23,862,873	67,958,465	44,834
Transfer to NGO	-	-	(63,679)	-	(63,679)	(42)
Write-off	(854,415)	(570,054)	(1,272,125)	(650,556)	(3,347,150)	(2,208)
Effect of movements in exchange rate	-	-	-	-	-	6,261
At 31 December 2019	38,580,866	63,910,818	40,953,549	91,833,186	235,278,419	158,993
Carrying amounts						
At 1 January 2018	68,135,774	42,457,128	12,823,500	53,114,758	176,531,160	129,612
At 31 December 2018	79,302,760	46,688,745	15,052,381	47,221,131	188,265,017	121,461
At 31 December 2019	111,371,102	88,348,948	22,260,683	34,119,814	256,100,547	173,064

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	2019 Kyats	2018 Kyats	2019 USD	2018 USD
14. Intangible assets				
COST				
At 1 January	125,600,324	99,595,974	81,032	73,125
Additions	42,812,094	26,004,350	28,931	18,053
Currency translation adjustment	-	-	3,845	(10,146)
At 31 December	168,412,418	125,600,324	113,808	81,032
Accumulated amortization				
At 1 January	37,788,431	12,889,437	24,380	9,464
Additions	42,103,105	24,898,994	27,776	17,286
Currency translation adjustment	-	-	1,831	(2,370)
At 31 December	79,891,536	37,788,431	53,988	24,380
Carrying amount				
At 31 December	88,520,882	87,811,893	59,819	56,653
15. Other assets				
Advance to third parties	177,585,000	139,079,092	120,006	89,728
Receivable from BRAC Myanmar	363,126,615	90,433,952	245,389	58,344
Advance salary to staff	-	3,000,000	-	1,935
Receivable from partner org.	12,660,000	117,176,531	8,555	75,598
Advance corporate income tax	348,933,015	-	235,797	-
Receivable from donor	238,258,499	77,846,492	161,007	50,224
Employee motor cycle Loan	95,841,891	20,965,067.00	64,767	13,526
	1,236,405,020	448,501,134	835,522	289,356
16. Loan to customers				
Group loans (Microfinance)	27,85,25,30,655	16,723,138,276	18,821,821	10,789,121
Small Enterprise Program (SEP)	6,471,335,140	2,649,489,889	4373,115	1,709,348
Woman Enterprise Programme (WEP)	4,679,626,648	1,188,949,503	3,162,337	767,064
Digital Agriculture Loan	896,250,000	70,550,000	605,656	45,516
Inclusive Finance (Disability)	33,211,239	-	22,443	-
Loans write off	(190,127,193)	(24,316,121)	(128,482)	(15,688)
	39,742,826,489	20,607,811,547	26,856,890	13,295,362
Add: Interest receivable	519,397,873	211,546,542	350,992	136,482
Less: Impairment loss on loans	(228,412,073)	(51,993,265)	(154,353)	(33,544)
	40,033,812,289	230,767,364,824	27,053,529	13,398,300

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16.1 The movement of loans is shown below:				
Opening balance	20,607,811,547	12,327,179,001	13,295,362	9,050,792
Add: Loans disbursement	75,252,100,000	42,716,550,000	49,645,411	29,655,690
Less: Loan realization	(55,926,957,865)	(34,411,601,333)	(36,896,204)	(23,890,033)
Loans write off	(190,127,193)	(24,316,121)	(125,431)	(16,881)
Translation adjustment	-	-	937,752	(1,504,206)
Principal outstanding	39,742,826,489	20,607,811,547	26,856,890	13,295,362
Add: Interest receivable	519,397,873	211,546,542	350,992	136,482
Less: Impairment loss on loans	(228,412,073)	(51,993,265)	(154,353)	(33,544)
	40,033,812,289	20,767,364,824	27,053,529	13,398,300
16.2 Movement of impairment loss on loans				
At 1 January	5,1993,265	219,974,296	33,544	161,508
Impact of IFRS 9	(47,326,647)	(176,684,746)	(31,222)	(129,724)
Charge for the year	413,872,647	3,30,19,836	273,041	22,924
Loan write off	(190,127,193)	(2,43,16,121)	(125,431)	(16,881)
Currency translation adjustment	-	65,403	167,756	22,84,12,073
	228,412,073	51,993,265	215,334	205,582
As per Microfinance Supervisory Committee notification no (5/2016) issued on 26 August, 2016, loan loss reserve balance shall be as follows-				
	Principal Outstanding MMK	Provision rate MMK	Provision required MMK	
No past due	39,249,832,354		392,498,324	
1-30 days	161,299,432	1%	16,129,943	
31-60 days	30,832,479	10%	15,416,240	
61-90 days	23,671,173	50%	17,753,380	
91-over	277,191,051	75%	277,191,051	
	39,742,826,489	100%	718,988,937	

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	2019 Kyats	2018 Kyats	2019 USD	2018 USD
17. Cash and cash equivalents				
Cash in hand	17,107,965	18,003,472	11,561	11,615
Cash at bank	5,335,217,238	6,492,068,988	3,605,364	4,188,432
	5,352,325,203	6,510,072,460	3,616,925	4,200,047

As at 31 December 2019 the company has cash balance in its account with following banks-

KBZ Bank	1,288,188,694	308,452	1,744,636,467
CB Bank	323,715,449	20,534	354,102,047
AYA Bank	395,735,016	-	395,735,016
MEB Bank	196,194,305	-	196,194,305
YOMA Bank	32,582,193	1,764,105	2,643,104,772
MAY Bank	1,444,631	-	1,444,631
	2,237,860,288	2,093,092	5,33,52,17,238

18. Share capital

The Company’s share capital includes 1,966,615 ordinary shares of Kyats 10,000 each, issued and fully paid as detailed below:

At 31 December 2019	No. of Shares	Kyats	USD
BRAC International Holdings B.V.	1,966,613	19,666,130,000	13,289,722
Mr. Shameran Abed	2	20,000	14
	1,966,615	19,666,150,000	13,289,735

The holders of the ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restrictions. As at 31 December 2019, the company had share capital of MMK 19,666,150,000

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	2019 Kyats	2018 Kyats	2019 USD	2018 USD
19. Donor grant				
Grant received in advance (N- 19.1)”	761,279,500	180,285,879	514,448	116,313
Grant investment in loan (N-19.2)”	1,055,847,474	1,055,847,474	713,507	681,192
Deferred grant investment in fixed asset (N-19.3)	8,654,033	12,051,821	5,848	7,775
	1,825,781,007	1,248,185,174	1,233,803	805,280

19.1 Grant received in advance

At 1 January	180,285,879	367,935,320	116,313	270,143
Donation received during the year	927,060,869	384,202,762	626,477	254,814
Donor fund investment in loan	-	(55,50,35,038)	-	(385,330)
Transferred to Statement of Other Comprehensive Income	(7557,744)	(3,144,321)	(4,986)	(2,183)
Adjustment against donor receivable	(172,831,565)	(13,672,844)	(116,794)	(8,821)
Adjustment against other prepaid	(165,677,939)	-	(111,960)	-
Currency translation adjustment	-	-	5,397	(12,310)
	761,279,500	180,285,879	514,448	116,313

19.1.1 Donation received during the year

WPF (Whole Planet Foundation)	663,767,652	223,588,998	448,552	144,251
TLMM (The Leprosy Mission Myanmar)	172,831,565	13,672,844	116,794	8,951
UNCDF	90,461,652	146,940,920	61,131	94,801
	927,060,869	384,202,762	626,477	248,002

19.2 Donor fund investment in loans

At 1 January	1,055,847,474	500,812,436	681,192	3,67,703
Donor fund investment in loan	-	555,035,038	-	385,330
Currency translation adjustment	-	-	32,315	(71,841)
	1,055,847,474	1,055,847,474	713,507	681,192

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 NOTES TO THE FINANCIAL STATEMENTS
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	2019 Kyats	2018 Kyats	2019 USD	2018 USD
19.3 Deferred grant- investment in fixed and intangible asset				
Opening balance	12,051,821	-	-	-
Asset purchased during the year	(956,820)	12,948,720	631	8,990
Amortization during the year	(2,440,968)	(896,899)	(1,610)	(623)
Currency translation adjustment	-	-	8,090	(592)
	8,654,033	12,051,821	5,848	7,775
20. Retained earnings				
At 1 January	(920,935,370)	(1,301,803,971)	(594,152)	(955,803)
Profit/(loss) for the year	893,321,326	363,890,376	589,343	252,629
Impact of IFRS 9	47,326,647	176,684,746	31,222	129,724
Unrealised gain/(loss)	160,326,709	(159,706,521)	105,771	(110,875)
Currency translation adjustment	-	-	10,520	90,174
	180,039,312	(920,935,370)	121,665	(594,152)
21. Loans and borrowings				
Principal outstanding	18,298,500,000	12,470,833,329	12,365,522	8,045,699
Accrued interest	387,715,802	377,403,905	262,006	243,486
	18,686,215,802	12,848,237,234	12,627,528	8,289,185
21.1 Long term loans				
May Bank				
Principal outstanding	-	595,833,329	-	384,409
Accrued interest	-	1,836,473	-	1,185
Total May Bank payable (a)	-	597,669,802	-	385,593
Grameen Credit Agricole Microfinance Fund (GCAMF)				
Principal outstanding	400,000,00	1,200,000,000	270,307	774,194
Accrued interest	3,611,110	6,933,543	2,440	4,473
Total GCAMF payable (b)	403,611,110	1,206,933,543	272,747	778,667
FMO				
Principal outstanding	3,699,500,000	3,875,000,000	2,500,000	2,500,000.00
Accrued interest	114,212,814	108,345,000	77,181	69,900.00
Total FMO payable (c)	3,813,712,814	3,983,345,000	2,577,181	2,569,900

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	2019 Kyats	2018 Kyats	2019 USD	2018 USD
OPIC				
Principal outstanding	7,399,000,000	-	5,000,000	-
Accrued interest	15,590,510	-	10,536	-
Total OPIC payable (d)	7,414,590,510	-	5,010,536	-
YOMA Bank				
Principal outstanding	6,800,000,000	6,800,000,000	4,595,216	4,387,096.77
Accrued interest	254,301,368	260,288,889	171,848	167,928.32
Total YOMA Bank payable (e)	7,054,301,368	7,060,288,889	4,767,064	4,555,025
Total term loans (a+b+c+d)	18,686,215,802	12,848,237,234	12,627,528	8,289,185
22.Related party payables				
BRAC (Bangladesh)	838,124,080	762,595,106	566,377	491,997
BRAC International Holdings B.V.	1,026,626,032	598,543,447	693,760	386,157
BRAC IT Services Ltd. (biTS)	344,962,097	264,244,000	233,114	170,480
Stichting BRAC International	31,911,730	31,702,401	21,565	20,453
	2,241,623,939	1,657,084,954	1,514,815	1,069,087
The amount is payable to BRAC International Holdings B.V., Stichting BRAC International, biTS and BRAC (Bangladesh) represents services rendered and expenses beared in favour of BRAC Myanmar Microfinance Company Limited.				
23.Member savings				
Member savings	3,782,426,577	2,092,743,310	2,556,039	1,350,157
Interest on members savings	-	-	-	-
	3,782,426,577	2,092,743,310	2,556,039	1,350,157
24.Other liabilities				
Provision for salaries	-	11,002	-	7
Provision for leave salaries	66,161,779	69,246,765	44,710	44,675
Liabilities for expenses	12,502,827	-	8,449	-
Withholding tax payable	23,721,188	28,554,403	16,030	18,422
Income tax Payable	351,216,012	-	237,340	-
Provision for social security	7,606,623	4,517,856	5,140	2,915
Social Welfare Fund	112,298,876	-	75,888	-
Audit fee provision	11,420,000	7,000,000	7,717	4,516
	584,927,305	109,330,026	395,275	70,536

25. Financial risk management policies and objectives

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note represents information about the Company's exposure to each of the above risk, its objectives, policies and processes for measuring and managing risk and the Company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of BRAC's risk management framework.

Risk management policies are established to identify and analyse the risks faced by BRAC, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and BRAC's activities.

BRAC, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the BRAC International Group Audit Committee.

(a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and advances to customers.

Management of credit risk

For risk management reporting purposes, the Company measures, monitors and manage proactively all elements of credit risk exposure (such as individual obligor default risk, country and sector risk). The Company does not have any significant exposure to any individual customer or counterparty.

The model that the Company uses to mitigate this risk is vetting from respective members of the group.

The Board of Directors has delegated responsibility for the management of credit risk to senior management. Program operations and monitoring team are responsible for oversight of the Company's credit risk.

- Formulating credit policies in consultation with business units covering credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorization structure for the approval and renewal of credit facilities.
- Reviewing and assessing credit risk. BRAC's Program department assesses all credit exposures in excess of designated limits prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

- Limiting concentrations of exposure to geographies and market segments for loans and advances.
- Developing and maintaining BRAC's risk grading in order to categorize exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures.
- Reviewing compliance of business units with agreed exposure limits including those for selected industries' country risk and product types. Regular reports are provided to BRAC's Program department on the credit quality of local portfolios and appropriate corrective actions to be taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout BRAC in the management of credit risk.

Each branch is required to implement BRAC's credit policies and procedures with credit approval authorities delegated from management. Each branch has a Branch Manager who reports on all credit related matters to senior management. Each branch is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios including those subject to central approval.

BRAC does not hold collateral against loans. The lending portfolio consists of non-securitized microfinance loans mutually guaranteed by group members. Customers are clustered into solidarity groups which collectively secure the loans. Regular audits of branches and credit processes are undertaken by Internal Audit.

Impaired loans

Impaired loans are loans for which BRAC determines that it is probable that it will be unable to collect the principal and interest due according to the contractual terms of the loan.

Past due but not impaired loans

Loans where contractual interest or principal payments are past due but BRAC believes that impairment is not appropriate on the basis of the stage of collection of amounts owed to BRAC.

Allowance for impairment

BRAC establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

The ageing of loan to customers and the company's exposure to credit risk were:

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	2019 Kyats	2018 Kyats
Current (performing loans)	39,249,832,354	20,082,177,358
Sub-standard (30 days past due)	161,299,432	232,498,296
Watch (31-60 days past due)	30,832,479	32,237,829
Doubtful (61-90 days past due)	23,671,173	23,007,652
Loan loss (over 90 days past due)	277,191,051	237,890,412
Total loans to customer	39,742,826,489	20,607,811,547
Allowance for impairment	(228,412,073)	(51,993,265)
Net loans to customer	39,514,414,416	20,555,818,282
Balance as at 1 January	51,993,265	219,974,296
Impairment charge for the year	413,872,647	33,019,836
Impact of IFRS 9	(47,326,647)	(176,684,746)
Loan write off	(190,127,193)	(24,316,121)
Balance as at 31 December	228,412,072	51,993,265

BRAC reports loans at their outstanding balance net of allowance made from loan loss provisions. Adjustments in respect of surplus or deficit in the loan loss reserve are made in the income statement.

Write-off policy

BRAC writes off a loan balance (and any related allowances for impairment losses) when BRAC's Program department determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or the amount is not collectible due to death, dislocation of the borrower or any other natural or humanitarian disaster that affects the livelihood of the borrowers.

(b) Liquidity risk

Liquidity Risk is the risk that BRAC will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity management is to ensure that BRAC has the ability to generate sufficient funds to meet all cash flow obligations as they become due, both under normal and stressed conditions without incurring unacceptable losses or risking damage to the company's reputation.

Management of liquidity risk

BRAC monitors its risk to a shortage of funds by reviewing the cash payment plan. BRAC's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to BRAC's reputation.

Country office receives information from regional units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business.

The table below summarises the maturity profile of the Company's financial asset and liabilities based on contractual undiscounted receipts and payments.

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	2019 Kyats	2018 Kyats	2019 USD	2018 USD
Financial assets				
Loans to customer	40,033,812,289	20,767,364,824	27,053,529	13,398,300
Cash and cash equivalents	5,352,325,203	6,510,072,460	3,616,925	4,200,047
Other assets	1,236,405,020	448,501,134	835,522	289,356
Total undiscounted financial assets	46,622,542,512	27,725,938,418	31,505,975	17,887,702
Financial liabilities				
Term loan	18,686,215,802	12,848,237,234	12,627,528	8,289,185
Related party payables	2,241,623,939	1,657,084,954	1,514,815	1,069,087
Member savings payable	3,782,426,577	2,092,743,310	2,556,039	1,350,157
Other liabilities	584,927,305	109,330,026	395,275	70,536
Total undiscounted financial liabilities	25,295,193,622	16,707,395,524	17,093,657	10,778,965
Net undiscounted financial assets	21,327,348,890	11,018,542,894	14,412,318	7,108,737

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

Currency Risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign currency exchange rates. The Company is exposed to currency risk on payments that are denominated in a currency other than the functional currency which is MMK. The Company's Strategy of managing the currency risk is using functional currency in transaction as much as possible.

Capital Management

BRAC's policy is to maintain a strong capital base so as to maintain client, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary share capital, share money deposit, and donor grant . The primary objective of capital management is to maintain a sufficient liquidity.

26. Related parties

Parent and ultimate controlling party

The Company's majority shares were acquired by BRAC International Holdings B.V. which is a subsidiary of Stichting BRAC International.

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Transactions with key management personnel

Key management personnel compensation and transactions

The directors do not get any financial or nonfinancial benefits from the Company. Only one director of the Company controls 1 of the voting shares of the Company.

Other related party transactions

	Transaction value		Outstanding balance	
	2019 Kyats	2018 Kyats	2019 Kyats	2018 Kyats
BRAC International Holdings B.V.	428,082,585	252,525,520	1,026,626,032	598,543,447
Other related companies	156,456,400	185,524,150	1,214,997,907	1,058,541,507

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash. None of the balances are secured.

27. Use of estimates and judgements

Management discussed the development, selection and disclosure of the Organisation’s critical accounting policies and estimates, and the application of these policies and estimates.

Key sources of estimation uncertainty

Fair values of financial instruments

Level 1: quoted prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset and liability that are not based on observable market data . This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised:

	31 December 2019				31 December 2018			
ASSETS								
Cash and cash equivalents	5,352,325,203	-	-	5,352,325,203				5,352,325,203
Loans to customer	-	-	-	40,033,812,289				40,033,812,289
Other assets	-	-	-	1,236,405,020				1,236,405,020
Total assets	5,352,325,203	-	-	41,270,217,309				46,622,542,512
LIABILITIES								
Loans and borrowings	-	-	-	18,686,215,802				18,686,215,802
Related party payables	-	-	-	2,241,623,939				2,241,623,939
Member savings payable	-	-	-	3,782,426,577				3,782,426,577
Other liabilities	-	-	-	584,927,305				584,927,305
Total liabilities	-	-	-	25,295,193,622				25,295,193,622
31 December 2018								
ASSETS								
Cash and cash equivalents	6,510,072,460	-	-	6,510,072,460				6,510,072,460
Loans to customer	-	-	-	20,767,364,824				20,767,364,824
Other assets	-	-	-	448,501,134				448,501,134
Total assets	6,510,072,460	-	-	21,215,865,958				27,725,938,418
LIABILITIES								
Loans and borrowings	-	-	-	12,848,237,234				12,848,237,234
Related party payables	-	-	-	1,657,084,954				1,657,084,954
Member savings payable	-	-	-	2,092,743,310				2,092,743,310
Other liabilities	-	-	-	109,330,026				109,330,026
Total liabilities	-	-	-	16,707,395,524				16,707,395,524

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FOR THE YEAR ENDED 31 DECEMBER 2019

28. Contingencies

Contingent Liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Contingent assets are not recognised in the financial statements as this may results in the recognition of income which may never be realised.

29. Subsequent events

There were no significant subsequent events occurring in periods after the report date that came to our attention with a material effect on the financial statements at 31 December 2019.

30. Authorisation of financial statement

The financial statements of the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of directors and authorise for issue on

BRAC MYANMAR

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

GENERAL INFORMATION

DIRECTORS

Dr. Muhammad Musa	-	Chair
Mr. M Anowar Hossain	-	Director
Mr. Syed Abdul Muntakim	-	Director

ADMINISTRATOR

Mr. ATM Tariqul Islam	-	Country Representative
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PRINCIPAL PLACE OF BUSINESS

168. Kyun Shwe Myaing Lane 2
Bogyoke Ywa, Thuwunna
Thingangyun Township
Yangon
Myanmar

AUDITORS

Sein Win & Associates
Building (6), Room (323) Kyaikkasan Housing
Marlarnwe Street, Tamwe (B) Ward Tamwe Township, Yangon,Myanmar

BANKERS

KBZ BANK

No.33 to 49, Corner of Bank St &
Mahabandoola Garden St
Kyauktada Township, Yangon

CB BANK

No(4/6), Thanthumar St,
Thingangkuun
Yangon, Myanmar

The directors have pleasure in submitting their report and the audited financial statements of the organisation for the year ended 31 December 2019, which disclose the state of affairs of BRAC Myanmar.

a) **Registration**

BRAC Myanmar is a branch of Stichting BRAC International, a foundation registered under the laws of the Netherlands, with its registered office in The Hague.

BRAC Myanmar is registered as an International Non Government Organisation (INGO) under the Ministry of Union Government Office with its registration number (1/ Foreign/ 0170) and valid till 31st December 2024.

The objectives of the organisation is to utilise its global expertise of integrated development to improve the livelihood of poor and vulnerable households in Myanmar. Currently it is implementing climate resilient agriculture projects and livestock and fisheries projects with the help of development partners.

b) **Vision**

A world free from all forms of exploitation and discrimination where everyone has the opportunity to realise their potential.

c) **Mission**

The organisation's mission is to empower people and communities in situations of poverty, illiteracy, disease and social injustice. The interventions aim to achieve large scale, positive changes through economic and social programmes that enable men and women to realize their potential.

d) **Our values**

Innovation- the organisation has been an innovator in the creation of opportunities for the poor to lift themselves out of poverty. We value creativity in programme design and strive to display global leadership in groundbreaking development initiatives.

Integrity- the organisation values transparency and accountability in all our professional work, with clear policies and procedures, while displaying the utmost level of honesty in our financial dealings. The organisation holds these to be the most essential elements of our work ethic.

Inclusiveness- the organisation is committed to engaging, supporting and recognizing the value of all members of society, regardless of race, religion, gender, nationality, ethnicity, age, physical or mental ability, socioeconomic status and geography.

Effectiveness- the organisation values efficiency and excellence in all our work, constantly challenging ourselves to perform better, to meet and exceed programme targets, and to improve and deepen the impact of our interventions.

e) **Principal activities**

The organisation provides assistance to improve the livelihood of poor people in Myanmar. It addresses the special needs of various target populations such as rural women, school going children, small holder aquaculture farmers by offering experienced local solutions to realise their potential.

f) **Financial performance**

The organisation's performance during the year ended 31 December 2019 is as follows:

- Grant income increased by 71% from MMK 225 million in 2018 to MMK 386 million in 2019.
- 3 different project (Disaster preparedness for resilience, Inland MYSAP and flood response were implemented.
- Operating expenses increased by 71% in line with grant income from MMK 225 million in 2018 to MMK 386 million in 2019.
- During the year, the organisation had no surplus of income over expenditure.

g) **Results from operation**

The results for the organisation's operation for the year ended 31 December 2019 are set out on page 84.

h) **Composition of Directors**

The directors who served during the year and up to the date of this report are set out on page 75.

i) **Directors' benefits**

No director has received or entitled to receive any benefits during the financial year.

j) **Corporate governance**

The directors are committed to the principles of good corporate governance and recognize the need to conduct the business in accordance with generally accepted best practice. In so doing the directors therefore confirm that:

- The board of directors met regularly throughout the year;
- They retain full and effective control over the Organisation;
- The Board accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance; and
- They bring skills and experience from their own spheres of business to complement the professional experience and skills of the management team.

The Board continued to carry out its role of formulating policies and strategies of the Organisation, reviewing the business plan, ensure that the accounting system is maintained in accordance with acceptable standards, the books of the Organisation are kept properly, and that accounts are checked by authorized auditors, as well as recruitment and development of key personnel.

k) **Risk management**

The board accepts the final responsibility for the risk management and internal control system of the Organisation. The management ensures that adequate internal financial and operational control systems are developed and maintained on an on-going basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Organisation's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Organisation's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

l) Management structure

The organisation is under the supervision of the Board of Directors and the day to day management is entrusted to the Country Representative who is assisted by the heads of divisions, departments and units. The organization structure of the Organisation comprises of the following divisions:

- Programs
- Finance & Accounts;
- Administration
- Internal audit;
- Monitoring Unit;
- IT and MIS;
- Human resources;
- Communications.
- Public Relations

m) Related party transactions

Related party transactions are disclosed in Note 17 to the financial statements.

n) Future development plans

Agriculture:

The organisation is now planning to implement Agriculture value chain and social enterprise.

Building emergency preparedness for resilience:

BRAC Myanmar is implementation a project funded by Bill and Malinda Gates Foundation on disaster preparedness and resilience building in communities, schools and with local government. Now it is in process of developing early recovery program in flood affected communities in Bago Region.

o) Key achievement in 2019

The following are the organisation's key achievements for the year:

- Provided emergency flood response in Bago.
- The beneficiary supported in 2019 63,476 whereas in 2018 36,764 (direct and indirect).

- Trained 419 students from 2 schools, 317 community volunteers to build their capacity and to strengthening the culture of resilience and reducing disaster exposure in Myanmar.
- Trained 426 small scale farmers to use aquaculture techniques and provided 291,600 fingerlings to 312 beneficiaries as a support to start the farming.

o) Key achievement in 2019

The following are the organisation's key achievements for the year:

- Provided emergency flood response in Bago.
- The beneficiary supported in 2019 63,476 whereas in 2018 36,764 (direct and indirect).
- Trained 419 students from 2 schools, 317 community volunteers to build their capacity and to strengthening the culture of resilience and reducing disaster exposure in Myanmar.
- Trained 426 small scale farmers to use aquaculture techniques and provided 291,600 fingerlings to 312 beneficiaries as a support to start the farming.

p) Solvency

The Board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of directors has reasonable expectation that the organisation has adequate resources to continue in operational existence for the foreseeable future.

q) Gender parity

In 2019, the organisation had a total full time staff of 20 (2018: 12).
The female staff are 11 and male 9.

r) Employees' welfare

Management/employee relationship

There were continued good relation between employees and management for the year 2019. There were no unresolved complaints received by management from the employees during the year. New performance incentive schemes were introduced in 2016 which is helping to identify staffs who needs more care and capacity development.

The organisation is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

Training

Training and development of staff capacity is one of the key priorities of the organisation. This year all the Branch

Accountants received hands-on training on their day to day responsibilities. All the program staffs from received training as prescheduled. The organisation will continue to train, re-train and develop its staff in order to improve service delivery and innovation.

Medical assistance

The organisation reimburses medical expenses incurred by employees for medical treatment.

Social security contribution

All eligible employees are required to contribute National Social Security Scheme managed by Social Security Board at the rate 5% of salary maximum of MMK 15,000. As a employer BRAC pays 3% of this social security contribution on behalf of the employees.

As a result of contribution to this security fund, employees get sickness benefits, maternity benefits and grant, paternity benefits and grant, medical benefits, funeral grant, and many more.

s) Auditors

The auditors, Sein Win and Associates were appointed during the year.

t) Approval of the financial statements

The financial statements were approved by the directors at a meeting held on 30 March 2020.

By Order of the board


Director


Director

The Organisation's directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at 31 December 2019, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these 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. They are also responsible for safe guarding the assets of the Organisation.

Under the Companies Act of Myanmar, the directors are required to prepare financial statements for each year that give a true and fair view of the state of affairs of the Organisation as at the end of the financial year and of the operating results of the Organisation for that year. It also requires the directors to ensure the Organisation keeps proper accounting records that disclose with reasonable accuracy the financial position of the Organisation.

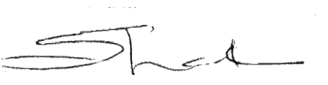
The directors accept responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with International Financial Reporting Standards and the Companies Act of Myanmar. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs and the profit and cash flow for the year ended 31 December 2019. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The directors have made an assessment of the Organisation's ability to continue as a going concern and have no reason to believe the Organisation will not be a going concern for the next twelve months from the date of this statement.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the International Financial Reporting Standards.

Approval of the financial statements

The financial statements, as indicated above, were approved by the board of directors on 30 March, 2020 and were signed on its behalf by:


Director


Director

INDEPENDENT AUDITOR'S REPORT

To the members of BRAC Myanmar

Opinion

We have audited the financial statements of BRAC Myanmar ("BRAC" or also referred as "the Organisation"), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BRAC Myanmar as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

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

Responsibilities of Management of the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Organisation'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 Organisation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organisation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate

to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organisation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Organisation audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit 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.


From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


U Sein Win
Sein Win and Associates
Certified Public Accountant

BRAC MYANMAR
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 Kyats	2018 Kyats	2019 USD	2018 USD
Grant income	4	385,375,823	225,752,774	254,241	156,727
Amortization of deferred grant	5	868,647	227,237	573	158
Total income		386,244,470	225,980,011	254,814	156,885
Staff costs	6	149,668,408	88,440,703	98,739	61,399
Occupancy expenses	7	14,047,629	10,988,421	9,268	7,629
Training & development expense	8	26,378,030	11,527,200	17,402	8,003
Travel and transportation expenses	9	37,488,323	20,717,841	24,732	14,383
Depreciation & amortization	10	868,647	227,237	573	158
Maintenance and general expenses	11	157,793,433	94,078,609	104,100	65,313
Total expenditure		386,244,470	225,980,011	254,814	156,885
Surplus/(deficit)		-	-	-	-

The accompanying notes form an integral part of these financial statements.


Head of Finance
BRAC Myanmar


Director
BRAC Myanmar



Country Representative
BRAC Myanmar



Director
BRAC Myanmar

BRAC MYANMAR
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 Kyats	2018 Kyats	2019 USD	2018 USD
Assets					
Cash and cash equivalents	12	399,568,081	217,642,563	270,015	140,415
Other assets	13	113,256,494	53,691,083	76,535	34,639
Property and equipment	14	5,249,893	2,473,362	3,548	1,596
Total assets		518,074,468	273,807,008	350,098	176,650
Liabilities					
Grant received in advance	15	61,052,642	141,145,326	41,257	91,062
Deferred grant income	16	5,249,893	2,473,362	3,548	1,596
Other liabilities	17	451,771,933	130,188,320	305,293	83,992
Total liabilities		518,074,468	273,807,008	350,098	176,650
Equity					
Retained surplus		-	-	-	-
Donor grants		-	-	-	-
Total equity		-	-	-	-
Total liabilities and equity		518,074,468	273,807,008	350,098	176,650

The accompanying notes form an integral part of these financial statements.


Head of Finance
BRAC Myanmar


Director
BRAC Myanmar


Country Representative
BRAC Myanmar


Director
BRAC Myanmar

BRAC MYANMAR
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

Notes	2019 Kyats	2018 Kyats	2019 USD	2018 USD
Cash flows from operating activities				
Net surplus/(deficit) for the year	-	-	-	-
Depreciation	868,647	227,237	573	158
Decrease/(increase) of other assets	(59,565,411)	(51,126,190)	(40,252)	(32,985)
Increase/(decrease) of payables to other project	321,583,613	127,623,427	217,316	82,338
Increase/(decrease) of other liabilities	-	-	-	-
Increase in deferred income	2,776,531	2,473,362	1,832	1,596
Net cash from operating activities	265,663,380	79,197,836	179,468	51,107
Cash flows from investing activities				
Acquisition of property and equipment	(3,645,178)	(2,700,599)	(2,405)	(2,245)
Net cash used in investing activities	(3,645,178)	(2,700,599)	(2,405)	(2,245)
Cash flows from financing activities				
Grant received in advance	(80,092,684)	141,145,326	(54,124)	91,062
Grant utilized during the year	-	-	-	-
Donor fund expended in property, plant and equipment	-	-	-	-
Net cash from financing activities	(80,092,684)	141,145,326	(54,124)	91,062
Net increase/(decrease) in cash and cash equivalents	181,925,518	217,642,563	122,939	139,924
Cash and cash equivalents at beginning of the year	217,642,563	-	140,415	-
Effect of exchange rate fluctuation on cash	-	-	6,661	491
Cash and cash equivalents at 31 December 2019	399,568,081	217,642,563	270,015	140,415

The accompanying notes form an integral part of these financial statements.

BRAC MYANMAR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

These notes form an integral part of the financial statements.

1. Reporting entity

BRAC Myanmar is a branch of Stichting BRAC International, a foundation registered under the laws of the Netherlands, with its registered office in The Hague.

BRAC Myanmar is registered as an International Non Government Organisation (INGO) under the Ministry of Union Government Office with its registration number (1/ Foreign/ 0170) and valid till 31st December 2024.

The objectives of the organisation is to utilise its global expertise of integrated development to improve the livelihood of poor and vulnerable households in Myanmar by offering local solutions. Currently it is implementing emergency preparedness for resilience project and Livestock and fisheries projects with the help of development partners.

2. Basis of preparation

a. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements were issued by the Board of Directors on

b. Basis of measurement

The financial statements are prepared under the historical cost convention except for the financial instruments at fair value through profit and loss which are measured at fair value when required.

c. Functional and presentation currency

The financial statements are presented in Myanmar Kyats, which is the organisation's functional currency.

Memorandum figures

The memorandum column representing the results in United States Dollars (USD) are for presentation purposes only, and do not form part of the audited financial statements.

The exchange rates used to translate the MMK figures to USD memorandum were as follows:

- Assets and liabilities were translated at the closing rate at 31 December 2019 which of MMK 1,479.80 (2018:MMK 1,550);
- Income and expenses were translated using an average exchange rate for the period of MMK 1,515.79 (2018: MMK 1,440.42);

d. Use of estimation and judgments

The preparation of organisation's financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the reported period. Actual results ultimately may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3. Significant accounting policies

a. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which is recognised directly in equity.

b. Grants and other income

(i) Donor Grants

Grants and contributions from donor organisations or individuals constitute an important part of BRAC Myanmar's resources as some its operation/ projects are financed by grants and contributions provided by donors. Grants are assistance in the form of transfers of resources to the organisation, in return for past or future compliance with certain terms and conditions relating to the operating activities of the organisation. Grants or contributions from donor can be of 4 categories-

- i. Unrestricted
- ii. Restricted
- iii. Grants investment in Fixed asset
- iv. Contribution in kind

Grant is classified as temporarily restricted or unrestricted depending upon the existence of donor-imposed restrictions.

The organisation received grants from donors of different projects are all restricted grants. Restricted grants refer to grants that must be spent in the exact way the donor agreement describes.

(ii) Grants income

All restricted grants received are initially recorded as either deferred income at fair value and recorded as either liabilities or equity in the grant received in advance account as liabilities for the period in accordance with IAS 20.

Periodically, a portion of the grant is recognised as revenue, based on the expenses incurred for the period. This method follows the proposition that the organisation earns its revenue based on its activities or performance, as expressed in its expenses. The revenue is always equal to expenses; unspent portion of the grant remains as a liability.

The portion of the grants utilized to purchase property and fixed assets are transferred as deferred income in liabilities and subsequently the portion of the depreciation expense of the same assets for the period is recognized in the Statement of Comprehensive Income as grant income.

For ongoing projects and programs, any expenditures yet to be funded but for which funding has been agreed at the end of the reporting period is recognized as Grants receivable.

(iii) Other income

Other income comprises of house rent received from local staff for using the office residence and gain on foreign currency translation.

d. Income tax

During 2019, BRAC was exempt from income tax as a INGO. According to relevant legislation in Myanmar, the organisation pays other taxes such as taxes on professional fees and other expenses where applicable. BRAC also withholds tax on staff salaries and remits the amounts withheld to the Myanmar Revenue Authority. Personal income tax of staff are part of staff salaries and benefits; BRAC only facilitates the process to withhold and remit the required taxes to the government. BRAC has no other tax liability.

f. Property and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Costs comprises its purchase price and any cost directly attributable in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Subsequent to initial recognition, property and equipment are stated at cost less accumulated depreciation and impairment losses. The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. Major improvements that increase the life of the asset are capitalized.

ii. Subsequent cost

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the organisation, and its cost can be measured reliably. The costs of the day-to-day servicing and maintenance of property and equipment are recognised in the statement of comprehensive income as incurred.

iii. Depreciation

All property and equipment are depreciated on a straight line basis to write off the costs of the assets over the expected useful lives. Depreciation is recognised as an expense in profit or loss of each component of an item of property and equipment unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the property and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

BRAC MYANMAR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Furniture & Fixtures	10%
Computer/Laptop	20%
Equipment's	33.33%
Vehicles	20%

Management reviews the depreciation methods, residual value and useful life of an asset at the year end and any change considered to be appropriate in accounting estimate is recorded through the statement of comprehensive income.

h. Operating lease

BRAC is involved in operating leases as the lessee for rental property serving as office space. The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease, which is typically twelve (12) months.

i. Provisions

A provision is recognised if, as a result of a past event, BRAC Myanmar Microfinance organisation Limited has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

j. Related party transactions

Related parties comprise directors, subsidiaries of Stichting BRAC International and key management personnel of the organisation and companies with common ownership and/or directors.

BRAC MYANMAR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 Kyats	2018 Kyats	2019 USD	2018 USD
4. Grants income				
Building emergency preparedness for resilience	151,032,769	122,649,311	99,640	85,148
World Fish	154,250,370	53,899,961	101,762	37,420
Emergency flood relief and response	80,092,684	49,203,502	52,839	34,159
	385,375,823	225,752,774	254,241	156,727
5. Amortization of deferred grant				
BEPR	527,975	111,602	348	77
World Fish	340,672	115,635	225	80
	868,647	227,237	573	158
6. Staff costs				
Salary and benefits	148,657,507	87,703,065	98,073	60,887
Social security benefit expense	1,010,901	737,638	66	512
	149,668,408	88,440,703	98,739	61,399
7. Occupancy expenses				
Rent	11,843,988	8,739,285	7,814	6,067
Utilities	2,203,641	2,249,136	1,454	1,561
	14,047,629	10,988,421	9,268	7,629
8. Training & development expense				
Staff training	26,378,030	11,527,200	17,402	8,003
	26,378,030	11,527,200	17,402	8,003
9. Travel and transportation expenses				
Local travel	37,488,323	19,579,761	24,732	13,593
International travel	-	1,037,420	-	720
Visa & stay permit	-	100,660	-	70
	37,488,323	20,717,841	24,732	14,383
10. Depreciation & amortization				
Depreciation	868,647	227,237	573	158
Amortization	-	-	-	-
	868,647	227,237	573	158

BRAC MYANMAR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 Kyats	2018 Kyats	2019 USD	2018 USD
11. Programme activities, maintenance and other general expenses				
Meeting expense	286,350	788,230	189	547
Software maintenance expense	41,301,536	28,696,700	27,248	19,922
General maintenance	70,245,901	4,594,269	46,343	3,190
Accommodation	2,321,072	2,231,760	1,531	1,549
Meal	6,315,933	709,215	4,167	492
Telephone, mobile & internet bill	580,000	145,496	383	101
Bank charge	65,361	136,050	43	94
Stationary expense	2,385,270	1,073,610	1,574	745
HO logistic expenses	10,152,063	3,193,097	6,698	2,217
Audit and professional cost (N:11.1)	3,126,710	3,020,000	2,063	2,097
Program expenses (N:11.2)	7,854,778	37,926,538	5,182	26,330
Monitoring & Evaluation (N:11.3)	13,158,459	11,563,644	8,681	8,028
	157,793,433	94,078,609	104,100	65,313
11.1 Audit and professional cost				
Audit fees	3,126,710	3,020,000	2,063	2,097
Professional consultancy fees	-	-	-	-
	3,126,710	3,020,000	2,063	2,097
11.2 Program expenses				
Program supplies	1,081,328	32,736,603	713	22,727
Partnership expenses	-	2,948,660	-	2,047
Documentation expenses	3,000	989,575	2	687
Distribution of emergency material	2,425,600	685,450	1,600	476
Event and workshop expenses	1,954,850	341,550	1,290	237
Visibility & communication expenses	2,390,000	224,700	1,577	156
	7,854,778	37,926,538	5,182	26,330
11.3 Monitoring & evaluation				
Policy & material development	-	4,148,144	-	2,880
Professional & Consultancy Fees	13,158,459	-	8,681	-
Baseline survey	-	7,415,500	-	5,148
	13,158,459	11,563,644	8,681	8,028

BRAC MYANMAR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 Kyats	2018 Kyats	2019 USD	2018 USD	
12. Cash and cash equivalents					
Cash in hand	-	61,500	-	40	
Cash at Bank	399,568,081	217,581,063	270,015	140,375	
	399,568,081	217,642,563	270,015	140,415	
13. Other assets					
Advance to house owner	-	-	-	-	
Receivable from donor (N: 13.1)	113,256,494	53,691,083	76,535	34,639	
Other receivables	-	-	-	-	
	113,256,494	53,691,083	76,535	34,639	
13.1 Receivable from donor					
Receivable from SBI	38,883,225	53,691,083	26,276	34,639	
Receivable from World fish	74,373,269	-	50,259	-	
	113,256,494	53,691,083	76,535	34,639	
14. Property and equipment					
	Furniture & Fixtures Kyats	Computer Kyats	Equipment Kyats	Total Kyats	Total USD
Cost					
As at 1 January 2018	-	-	-	-	-
Additions	931,600	876,000	-	1,807,600	1,287
Asset transfer from MF	-	940,000	-	940,000	958
Disposal adjustment	-	-	-	-	-
Effect of movements in exchange rate	-	-	-	-	(472)
As at 31 December 2018	931,600	1,816,000	-	2,747,600	1,773
As at 1 January 2019	931,600	1,816,000	-	2,747,600	1,773
Additions	53,000	2,598,682	803,000	3,454,682	2,459
Asset transfer from MF	-	-	254,000	254,000	259
Disposal adjustment	-	-	-	-	-
Effect of movements in exchange rate	-	-	-	-	(128)
As at 31 December 2019	984,600	4,414,682	1,057,000	6,456,282	4,363
Accumulated depreciation					
As at 1 January 2018	-	-	-	-	-

BRAC MYANMAR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Furniture & Fixtures Kyats	Computer Kyats	Equipment Kyats	Total Kyats	Total USD
Charge for the year	45,635	181,602	-	227,237	158
Transferred asset depreciation	-	47,001	-	47,001	33
Effect of movements in exchange rate					(13)
As at 31 December 2018	45,635	228,603	-	274,238	177
As at 1 January 2019	45,635	228,603	-	274,238	177
Charge for the year	98,460	507,618	262,569	868,647	573
Transferred asset depreciation	-	-	63,504	63,504	42
Disposal adjustment	-	-	-	-	-
Effect of movements in exchange rate	-	-	-	-	23
As at 31 December 2019	144,095	736,221	326,073	1,206,389	815
Carrying amount					
As at 31 December 2018	885,965	1,587,397	-	2,473,362	1,596
As at 31 December 2019	840,505	3,678,461	730,927	5,249,893	3,548

	2019 Kyats	2018 Kyats	2019 USD	2018 USD
15. Grant received in advance				
Opening balance	141,145,326	-	91,062	-
Donations received during the year (N: 15.1)	229,445,272	315,580,209	151,370	214,265
Transferred to statement of income and expenditure	(385,375,823)	(172,061,691)	(254,241)	(119,453)
Transferred to deferred income - investment in fixed assets	(3,645,178)	(2,700,599)	(2,405)	(1,875)
Adjustment with donor receivables	(53,691,083)	(2,564,893)	(36,283)	(1,655)
Receivable from Donor	133,174,128		89,995	
Revaluation adjustment	-	2,892,300	1,866	-
Currency translation adjustment	-	-	1,758	(2,086)
	61,052,642	141,145,326	41,257	91,062

15.1 Donations received during the year				
Stichting BRAC International-Flood Relief	-	171,647,130	-	109,940
Stichting BRAC International-EPP	156,024,262	69,050,520	102,933	52,470
World Fish	73,421,010	54,147,682	48,437	37,892
BRAC USA-Flood Relief	-	20,734,877	-	13,963
	229,445,272	315,580,209	151,370	214,265

BRAC MYANMAR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

16. Deferred grant income				
Opening balance	2,473,362	-	1,596	-
Transferred from grants received in advance	3,645,178	2,700,599	2,405	1,875
Amortization during the period	(868,647)	(227,237)	(573)	(158)
Currency translation adjustment	-	-	120	(121)
	5,249,893	2,473,362	3,548	1,596

17. Other liabilities				
Payable to MF program	363,126,615	90,433,952	245,389	58,344
Payable to biTS	53,123,340	25,328,550	35,899	16,341
Payable to Stichting BRAC International	21,166,028	6,561,247	14,303	4,233
Provision for audit fee	3,126,710	3,020,000	2,113	1,948
Liabilities for expense	9,151,780	4,617,500	6,184	2,979
Withholding tax payable (employee)	1,589,555	114,167	1,074	74
Provision for social security benefit	487,905	112,904	330	73
	451,771,933	130,188,320	305,293	83,992

18. Financial risk management policies and objectives

The organisation has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note represents information about the organisation's exposure to each of the above risk, its objectives, policies and processes for measuring and managing risk and the organisation's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of BRAC's risk management framework.

Risk management policies are established to identify and analyse the risks faced by BRAC, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and BRAC's activities.

BRAC financial risk management policy seeks to identify, appraise and monitor the risks facing BRAC whilst taking specific measures to manage its interest rate, foreign exchange, liquidity and credit risks. BRAC does not however, engage in speculative transactions or take speculative positions, and where affected by adverse movements, BRAC has sought the assistance of donors.

BRAC, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

BRAC MYANMAR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the BRAC International Group Audit Committee.

(a) Credit Risk

Credit risk is the risk of financial loss to organisation if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises, principally from trade and other receivable balances and investment in cash and cash equivalents.

Management of credit risk

The Board has delegated the overall responsibility for the oversight of credit risk to the Country Representative and Head of Finance.

For risk management reporting purposes, the organisation measures, monitors and manage proactively all elements of credit risk exposure (such as individual obligor default risk, country and sector risk). The organisation does not have any significant exposure to any individual beneficiary or counterparty.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was;

	2019 Kyats	2018 Kyats	2019 USD	2018 USD
Cash and cash equivalents	399,568,081	217,642,563	270,015	140,415
Other assets	113,256,494	53,691,083	76,535	34,639
	512,824,575	271,333,646	346,550	175,054

The aging of the receivable and other assets as at the reporting date was;

	2019 Kyats	2018 Kyats	2019 USD	2018 USD
Between 0-30 Days	113,256,494	53,691,083	76,535	34,639
Between 31-60 Days	-	-	-	-
	113,256,494	53,691,083	76,535	34,639

(b) Liquidity risk

Liquidity risk is the risk that operations cannot be funded and financial commitments cannot be met timeously and cost effectively. The risk arises from both the difference between the magnitude of assets and liabilities and the disproportion in their maturities.

The objective of liquidity management is to ensure that BRAC has the ability to generate sufficient funds to meet all cash flow obligations as they become due, both under normal and stressed conditions without incurring unacceptable losses or risking damage to the organisation’s reputation.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Management of liquidity risk

BRAC monitors its risk to a shortage of funds by reviewing the cash payment plan. BRAC’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to BRAC’s reputation.

Country office receives information from regional units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business.

Exposure to liquidity risk

The table below summarises the maturity profile of the organisation’s financial asset and liabilities based on contractual undiscounted receipts and payments.

	2019 Kyats	2018 Kyats	2019 USD	2018 USD
Financial assets				
Cash and cash equivalents	399,568,081	217,642,563	270,015	140,415
Other assets	113,256,494	53,691,083	76,535	34,639
Total undiscounted financial assets	512,824,575	271,333,646	346,550	175,054
Financial liabilities				
Grant received in advance	61,052,642	141,145,326	41,257	91,062
Other liabilities	451,771,933	130,188,320	305,293	83,992
Total undiscounted financial liabilities	512,824,575	271,333,646	346,550	175,054
Net undiscounted financial assets/liabilities	-	-	-	0

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

Currency Risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign currency exchange rates. The organisation is exposed to currency risk on payments that are denominated in a currency other than the functional currency which is MMK. The organisation’s Strategy of managing the currency risk is using functional currency in transaction as much as possible.

Capital Management

BRAC’s policy is to maintain a strong capital base so as to maintain beneficiary, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary share capital, share money deposit, and donor grant . The primary objective of capital management is to maintain a sufficient liquidity.

BRAC MYANMAR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

19. Related parties

Parent and ultimate controlling party

The ultimate controlling party is Stichting BRAC International, a foundation registered under the law of The Netherlands.

Transactions with key management personnel

Key management personnel compensation and transactions

The directors do not get any financial or nonfinancial benefits from the organisation in any year.

Other related party transactions

	Transaction value		Outstanding balance	
	2019 Kyats	2018 Kyats	2019 Kyats	2018 Kyats
BRAC International Holdings B.V.	21,166,028	6,561,247	21,166,028	6,561,247
Other related companies	300,487,453	113,197,609	416,249,955	115,762,502

All outstanding balances with these related parties are priced on an arm’s length basis and are to be settled in cash.
None of the balances are secured.

Use of estimates and judgements

Management discussed the development, selection and disclosure of the Organisation’s critical accounting policies and estimates, and the application of these policies and estimates.

Key sources of estimation uncertainty

Fair values of financial instruments

Level 1: quoted prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset and liability that are not based on observable market data . This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised:

	31 December 2019				
	Level 1 Kyats	Level 2 Kyats	Level 3 Kyats	Carrying value Kyats	Fair value Kyats
ASSETS					
Cash and cash equivalents	-	399,568,081	-	399,568,081	399,568,081
Other assets	-	-	113,256,494	113,256,494	113,256,494
Total assets	-	399,568,081	113,256,494	512,824,575	512,824,575
LIABILITIES					
Grant received in advance	-	-	61,052,642	61,052,642	61,052,642
Deferred grant income	-	-	5,249,893	5,249,893	5,249,893
Other liabilities	-	-	451,771,933	451,771,933	451,771,933
Total liabilities	-	-	518,074,468	518,074,468	518,074,468
31 December 2018					
ASSETS					
Cash and cash equivalents	-	217,642,563	-	217,642,563	217,642,563
Other assets	-	-	53,691,083	53,691,083	53,691,083
Total assets	-	217,642,563	53,691,083	271,333,646	271,333,646
LIABILITIES					
Grant received in advance	-	-	141,145,326	141,145,326	141,145,326
Deferred grant income	-	-	2,473,362	2,473,362	2,473,362
Other liabilities	-	-	130,188,320	130,188,320	130,188,320
Total liabilities	-	-	273,807,008	273,807,008	273,807,008

22. Contingencies liabilities

Contingent Liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Contingent assets are not recognised in the financial statements as this may results in the recognition of income which may never be realised.

23. Subsequent events

There were no significant subsequent events occurring in periods after the report date that came to our attention with a material effect on the financial statements at 31 December 2019

24. Authorisation of financial statement

The financial statements of the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of directors and authorise for issue on

BRAC MYANMAR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Segmental reporting:
Statement of income and expenditure for the year ended 31 December 2019 (in MMK)

Particulars	Emergency Preparedness Program	Agriculture, Livestock & Livelihood Program	Flood Relief		Country office Account	Elimination on consolidation	Total
	Building Emergency Preparedness for Resilience	Inland Mysap(World Fish)	Flood Relief (BI & BUSA)				
			MM -0005	MM -0006	MM-009	MM -008	
			MMK	MMK	MMK	MMK	MMK
	1	2	3	4	5		
Income							
Donor grants	151,032,768	154,250,371	80,092,684	-	-	-	385,375,823
Amortization of deferred grant	527,975	340,672	-	-	-	-	868,647
Total Income	151,560,743	154,591,043	80,092,684	-	-	-	386,244,470
Expenditure							
Staff costs	64,032,420	82,508,351	3,127,637				149,668,408
Occupancy expenses	9,252,885	4,794,744	-				14,047,629
Training & development expense	13,189,450	13,188,580	-				26,378,030
Travel and transportation expenses	9,117,775	26,983,548	1,387,000				37,488,323
Maintenance and general expenses	55,440,238	26,775,148	75,578,047				157,793,433
Depreciation & amortization	527,975	340,672	-				868,647
Total Expenditure	151,560,743	154,591,043	80,092,684	-	-	-	386,244,470
Net surplus for the period	-	-	-	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Segmental reporting:
Statement of income and expenditure for the year ended 31 December 2019 (in USD)

Particulars	Emergency Preparedness Program	Agriculture, Livestock & Livelihood Program	Flood Relief	Country office Account	Elimination on consolidation	Total
	Building Emergency Preparedness for Resilience	Inland Mysap(World Fish)	Flood Relief (BI & BUSA)			
	MM -0005	MM -0006	MM-009			
	USD	USD	USD			
	1	2	3	4	5	
Income						
Donor grants	99,640	101,762	52,839	-	-	254,241
Amortization of deferred grant	348	225	-	-	-	573
Total Income	99,988	101,987	52,839	-	-	254,814
Expenditure						
Staff costs	42,244	54,433	2,063			98,739
Occupancy expenses	6,104	3,163	-			9,268
Training & development expense	8,701	8,701	-			17,402
Travel and transportation expenses	6,015	17,802	915			24,732
Maintenance and general expenses	36,575	17,664	49,860			104,100
Depreciation & amortization	348	225	-			573
Total Expenditure	99,988	101,987	52,839	-	-	254,814
Net surplus for the period	-	-	-	-	-	-
Total	99,988	101,987	52,839	-	-	254,814

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Segmental reporting:
Statement of financial position as at 31 December 2019 (in MMK)

Particulars	Emergency Preparedness Program	Agriculture, Livestock & Livelihood Program	Emergency Preparedness Program	Country office	Elimination on consolidation (Inter project Receivable and Payable)	Total		
	Building Emergency Preparedness for Resilience	Inland Mysap(World Fish)	Flood Relief (BI & BUSA)					
			MM -0005				MM -0006	MM -009
			MMK				MMK	MMK
Asset						MMK		
Cash and cash equivalents	162,653,750	79,011,627	157,902,704	-	-	399,568,081		
Other assets	38,883,225	74,373,269	-	-	-	113,256,494		
Property & equipment	2,148,604	3,101,289	-	-	-	5,249,893		
Total Assets	203,685,579	156,486,185	157,902,704	-	-	518,074,468		
Liabilities and equity								
Grant received in advance	-	-	61,052,642			61,052,642		
Deferred grant income	2,148,604	3,101,289	-			5,249,893		
Other liabilities	201,536,975	153,384,896	96,850,062			451,771,933		
Retained surplus- Capital Fund	-	-	-			-		
Total Liabilities and equity	203,685,579	156,486,185	157,902,704	-	-	518,074,468		

BRAC MYANMAR

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Segmental reporting:
Statement of financial position as at 31 December 2019 (in USD)

Particulars	Emergency Preparedness Program	Agriculture, Livestock & Livelihood Program	Emergency Preparedness Program	Country office	Elimination on consolidation (Inter project Receivable and Payable)	Total
	Building Emergency Preparedness for Resilience	Inland Mysap(World Fish)	Flood Relief (BI & BUSA)			
	MM -0005	MM -0006	MM-009			
	USD	USD	USD		USD	USD
Asset						
Cash and cash equivalents	109,916	53,393	106,705	-	-	270,015
Other assets	26,276	50,259	-	-	-	76,535
Property & equipment	1,452	2,096	-	-	-	3,548
Total Assets	137,644	105,748	106,705	-	-	350,098
Liabilities and equity						
Grant received in advance	-	-	41,257			41,257
Deferred grant income	1,452	2,096	-			3,548
Other liabilities	136,192	103,652	65,448			305,293
Retained surplus- Capital Fund	-	-	-			-
Total Liabilities and equity	137,644	105,748	106,705	-	-	350,098

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Disclaimer: Some names and identifying details in the case stories have been changed to protect the privacy of the individuals.