



ANNUAL REPORT

FY 2022 - 2023

Welcome to AYA

“Your happiness, our business”



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CORPORATE PROFILE

A Full Service Bank

AYA Bank is a leading private sector bank in Myanmar. The Bank was licensed by the Central Bank of Myanmar as a development bank on 2nd July 2010 and relicensed under the Financial Institutions Law 2016 as a full service bank. Registered as a Private Company Limited by Shares on 14th July 2010 and established on 11th August 2010, AYA Bank has been part of promoting the stability of financial system of the nation.

To create long-term growth, value and sustainability, AYA Bank was reincorporated as a Public Company Limited on 30th December 2022. The Bank is committed to the strategic roadmap of going public with higher level of transparency, financial rigor, stringent reporting deadlines and compliance requirements. This transition from private to public intends to distribute ownership among general public shareholders in the future and allows them to reap the benefits of a business’s success by delivering strong returns.

Headquartered in Yangon, AYA Bank is serving individuals, small- and middle-market businesses, large corporations, and government sector with extensive branch network across the country. Our comprehensive network does not end local, and we are connected to the wider Asia region and global.

AYA Bank is one of the country’s leading bank with almost (3) million customers and (262) branches. Our large and loyal customer base has been one of the key drivers of our success, allowing us for rapid growth over the years. The Bank focus on deepening relationships with customers, providing best-in-class customer service, and leveraging technology as the enabler to rapidly expand the customer base.

CORPORATE INFORMATION

Native Name	ဧရာဝတီဘဏ် AYEYARWADDY BANK		
Type	Public		
Founded In	2010		
Founder	U Zaw Zaw		
Key Persons	U Zaw Zaw		
	(Founder and Chairman)	Products	Financial Services
		Headquarters	Yangon, Myanmar
	Daw Khin Saw Oo	Motto	Your Trusted Partner
	(Executive Chairman)	Website	https://ayabank.com

LEADING CAPABILITIES

Assets	7 Trillion MMK
Equity	334 Billion MMK
Paid Up Capital	140 Billion MMK
Branches	262
ATMs	832
Exchange Counters	162
Employees	Over 6,000

A Driver of Growth

We make financial lives better through our focus on responsible growth. We take the initiatives to provide customers with financial solutions for their personal and business needs, and to support the community. Our primary business strategy is to provide comprehensive banking and related financial solutions through the initiatives of enabling growth and enriching lives.

Taking the drive to cashless transactions and payments, AYA Bank has transformed 52% of active customers to Digital Banking. The Bank consistently creates significant value to strategic investment partners, driven by digitalization, human resource development, innovative products and services across all customer segments.

Business Practices

AYA Bank aims to have an overall positive impact on financial sector as well as social and environment through responsible practices, align with our Code of Business Conduct, effective governance and risk and compliance framework. We grow as a responsible business at the strategic, portfolio and transactional levels and across all business areas with following key highlights,



Consumer Financial Protection: AYA Bank protects and safeguards customers with accurate and unbiased information on financial solutions offered by the Bank, complying with all applicable laws, regulations, corporate policies and best practices. We deliver appropriate knowledge to our clients for their financial planning and ensure a strong, fair and consistent consumer experience. For decades, AYA Bank establishes a deed of trust with our creditors such as deposit holders, businesses, and other parties through our strong creditor's right deals.

Responsible Lending: We act carefully and responsibly at all times to ensure borrower's affordability, transparency of terms and conditions and support a borrower if they experience repayment difficulties. Our lending policy follows the guidelines set out by the regulator and formalized responsible lending guidelines.

Transparent Marketing: We promote products, services and the company in a transparent manner ensuring that no advertisements are misleading, inaccurate or misrepresent products, services, or terms and activities are in conformity with all applicable laws, regulations and comply with the company's marketing advertising guidelines.

Financial Inclusion: We provide financial solutions and services to meet the evolving needs of vulnerable, marginalized, underrepresented and under resourced groups including small- and medium-sized businesses, NGOs, INGOs and women, minorities, veterans, people with disabilities. A wide range of banking products and services are accessible by individuals and businesses at an affordable terms and conditions and the Bank will not knowingly undertake activities that would disproportionately harm any group.

To ensure adequacy and effectiveness of the Bank's internal control systems, both financial and nonfinancial auditing practices are in place. AYA Bank is audited under International Standards of Auditing (ISA) by a big-four international firm, Deloitte from year 2016 to 2019 and by a leading local audit firm, Win Thin & Associates from year 2020 to date. To enhance control mechanism, a global management consulting firm was engaged to analyze and provide professional advice on the Bank's non-financial data.

AYA Bank have always ensure to promote responsible business practices by delivering on our purpose and striving to be a good corporate citizen. With a long term sustainable development as our ambition, the Bank continue to further strengthen its governance, risk and compliance structure as a measure to ensure balance and sustain growth.



MESSAGE FROM FOUNDER CHAIRMAN

Dear Valued Clients, Shareholders, and Esteemed Partners,

As Founder and Chairman of AYA Bank PCL, I warmly welcome you to our website and thank you for your interest in our bank.

We are living in an era of profound and rapid change, where the financial sector is evolving at an unprecedented pace. Faced with this dynamic environment, our journey since inception has been one of perpetual transformation, aligned with our commitment to serving you with exceptional financial products and services.

At AYA Bank, we understand that our growth is intrinsically linked with the progress of our customers and the broader community we serve. We are steadfast in our goal to elevate Myanmar's banking sector to international standards and provide our customers with world-class banking solutions, all while nurturing a culture of transparency, trust, and innovation.

We have made significant strides in integrating digital technologies into our services, fostering an ecosystem where technology and human ingenuity converge. Our continued investments in digital banking serve to provide you with an enhanced, seamless banking experience, always at your fingertips.

Looking ahead, we anticipate numerous opportunities and challenges. However, we remain confident in our robust strategy, the agility of our team, and our collective capability to navigate these changing times. Your unwavering support motivates us to strive for excellence continually.

On behalf of AYA Bank, I express my sincere gratitude to our customers for their loyalty, our shareholders for their trust, and our employees for their hard work and dedication. Without you, our success would not be possible.

I invite you to explore our website further and learn more about our diverse offerings. I assure you that AYA Bank will continue to uphold its commitment to providing reliable, innovative, and customer-centric financial solutions.

Thank you for banking with us.

Zaw Zaw

Founder Chairman, AYA Bank PCL

MESSAGE FROM EXECUTIVE CHAIRMAN

Greetings!

On behalf of the members of the Board of Directors and myself, it is with great pleasure that I welcome you to our new and improved website, through which we aim to deliver important information and announcements, as well as our dedicated services.

Since the Bank's inception in July 2010, it has grown as one of the leading commercial banks in Myanmar and making significant contribution to national economy. The Bank has been continuously improving and consolidating its credibility in the financial sector by playing a larger and diversified role.


In 2020, we celebrated our tenth anniversary. These first ten years represent years of growth and extraordinary results which have allowed us to secure a top position in the banking sector. Our Bank has 262 branches across the country, reflected in the lives of 6200 staff members and over three million customers.

Something never changes is our clear vision and long-standing commitment to serving the customers that paves the way for our successful journey over the past years and makes us one of the fastest-growing financial institutions in Myanmar. It was also this clear vision that led us to an important milestone in 2022, which is the transformation from a private owned commercial bank to a commercial bank public company limited. This would not have been possible without strong support from our shareholders but more importantly the dedication of the Bank's BOD and management.

We have extended our services to our valued customers, partners, employees, and communities with firm commitment to turn our prime motto "Your Trusted Partner" into reality. Therefore, the Bank has been working towards becoming First Choice for all, with its philosophy of superior customer service at the core. Our accomplishments continue to accumulate while we remain focused on providing better banking services to our valued customers.

We have already introduced our own ATM Service, VISA card, Master Card, JCB Card, Internet Banking, Mobile Banking, Remittance Service, Bancassurance, AYA Pay and other comprehensive range of competitive financial service and products to improve efficiency and effectiveness of our Banking Services. We are working to set up Agent Banking station and SME Centers in prime locations to ensure our presence closer to our customers. We continued to strengthen our position in the SME and Micro enterprise customer segment, and, in particular, with enterprises that are women-led and women-connected.

Customer centricity has always been at the core of our business development strategy. It is our constant endeavor to innovate, in order to provide a state-of-the-art digital solution to provide enhanced convenience. The Bank's digital platforms have transformed over the years to provide best-in-class seamless digital journeys. They are designed to on-board new customers, offer data-driven personalized solutions, and provide self-service and value-added features.

A portrait of Khin Saw Oo, Executive Chairman of AYA Bank PCL. She is an older woman with short dark hair, wearing a traditional Burmese outfit consisting of a yellow long-sleeved blouse and a matching yellow shawl with a gold border. She is standing in front of a dark wooden cabinet filled with various decorative items, including framed pictures, vases, and a small statue. The lighting is warm and focused on her.

We have observed remarkable growth on our digital channels during the FY 2022-23 where overall digital transaction increased significantly in number and amount. We have also upgraded our core banking system to set ourselves with a strong base to carry out all the digitization journey and to support our strong commitment to greater financial inclusion across the country.

The sustainability agenda has been adopted as the Bank embarks on achieving high ambitions in years ahead. An ambitious long-term charter has been mapped to embed environmental, social and governance (ESG) Standards to Bank's core business operations. The achievements of the past and well-planned growth strategy have given us the confidence to grow and prosper in the coming years with utmost satisfaction from all concerned.

Finally, I express my sincere thanks and gratitude to our customers, patrons and well-wishers for the enormous support, patronization, and cooperation. I hope this website will help you to discover more about our AYA Bank PCL.

Khin Saw Oo
Executive Chairman, AYA Bank PCL



CORPORATE GOALS

AYA Bank has established four strategic goals which constitute the framework for the Bank's strategic direction that has proven its worth over the years:

(1) For Customers

To achieve high level of customer satisfaction by,

- (a) Providing honest, efficient and courteous service
 - (b) Offering a full range of products and services
 - (c) Providing easy accessibility in terms of reach and delivery channels
 - (d) Employing technology as the enabler for all customer service endeavors
- We make a difference in the areas we operate by serving our customers fairly and responsibly.



We are committed to helping individuals as well as business owners and entrepreneurs by offering personalized guidance and advice at scale to make better financial decisions and build financial wellness and resilience.

We have a single, simple purpose – building the customer-centric culture - which is formulated as one of our core values.

We use our expertise to seize opportunities for our customers.

We invest in a robust digital experience for our customers.

We accelerate action on financial inclusion to connect rural Myanmar to mainstream banking.

(2) For Community

To be a good corporate citizen and build long term sustainable and active engagement with

the community we serves

We demonstrate our values and communicate with the public about how we operate and the choices we make, to ensure a sustainable future.

We are one of the signatory companies of the UN Global Compact (UNGC) and adhere to the UNGC Principles into our practices, policies, and operations by strengthening the areas of human rights, labor, environment and anti-corruption.

We recognize the need to give back to our communities and those residing in them.

We establish 'Corporate Social Responsibility Policy' and promote activities that generate values to all interest groups (customers, suppliers, employees, shareholders, business partners, stakeholders, environment and society) in the context of a socially responsible culture that is reflected in the implementation of a sustainable business strategy.

(3) For Staff

To ensure a highly competent and dedicated workforce by implementing transparent policies, and fostering staff well-being and goodwill

We are committed to create a better workplace where all genders have equal rights, responsibilities and opportunities.

We have received the globally recognized EDGE Certificate for Gender Equality awarded by Business Coalition for Gender Equality (BCGE) Association.

We adopt the business code of ethics to outline employee conduct on ethics, values, environment, diversity, and employee respect and customer

service.

We expect our staff to follow the highest standards, both in work undertaken and in general behaviour, steered by corporate policies.

We create a clear workplace health and safety program to protect employees and prevent accidents and injuries. This will also help to ensure we are compliant with government legislation on health and safety.

We organize learning and development programs to enhance their skills to go above and beyond.

We initiate flexible working hours for staff joining part time education programs.



(4) For Shareholders

To build sustained shareholder value through rapid growth international standards of governance, risk and compliance

We serve the interests of shareholders, customers and employees in a well-balanced manner, now and in the future.

Our Board of Directors and executive management team work together to ensure we are in compliance with laws and regulations, as well as to provide guidance for sound decision-making and accountability.

We take a long-term view of how we create value, and we're committed to constructive and meaningful communications with our shareholders.

We uphold high standards of corporate governance and ensure to meet our responsibilities to stakeholders.

We set transparency and commitment to shareholders as a priority and pay special attention to building trust with them.

We identify and manage areas of potential risk and to safeguard the assets of the Bank and its shareholders.

We provide accessible, transparent and accurate information, in strict compliance with duties to inform shareholders.





CORPORATE MILESTONES

2010

2 July

Obtained Banking License from the Central Bank of Myanmar

14 July

Registered as a Private Company Limited by Shares

11 August

Established AYA Bank Ltd. and opened its first branch in Nay Pyi Taw

2011

24 October

Obtained Money Changer License from the Central Bank of Myanmar

8 November

The first Bank to implement a Centralized Core Banking System

21 November

Launched ATM operations

25 November

Obtained Authorised Dealer License from the Central Bank of Myanmar

23 December

Obtained Money Transfer Service License from the Central Bank of Myanmar

2012

2 February

Launched Maybank Money Express Service

9 July

Obtained approval for Foreign Currency Account, SWIFT Telegraphic Transfer and Letter of Credit (LC) from the Central Bank of Myanmar

17 August

Became member of United Nations Global Compact (UNGC) with commitments in areas of human rights, labour, environment and anti-corruption

14 September

Became member of Myanmar Payment Union (MPU)

2013

23 February

Launched AYA Q-Remit Money Transfer Service

4 June

Signed with Western Union Financial Services Inc. for Money Transfer Service

11 June

Obtained Principal License from VISA Payment Network

1 July

Obtained Principal License from MasterCard Payment Network

September

Received 'Best Private Bank Myanmar' award from World Finance

2014

31 March

Launched AYA World Travel Card (Prepaid Card)

21 May

Reached AYA total deposit ONE TRILLION

17 June

Obtained approval for AYA i-Banking Service from the Central Bank of Myanmar

27 June

Launched AYA i-Banking Service

July

- Received 'Banker of the Year 2014' from the Myanmar Times
- Received 'Global Banking & Finance Review Award 2014' for Fastest Growing Retail Bank in Myanmar, 2014
- Received 'Global Banking & Finance Review Award 2014' for Most Innovative Banking Services (AYA i-Banking) Myanmar, 2014

September

- Received 'Best Private Bank Myanmar' award from World Finance
- Received 'Best Retail Bank Myanmar' award from World Finance
- Set up administrative head office at ROWE building

31 December

Opened AYA 100th Branch in Yangon Division

2015

January

Set up Data Center which incorporates cutting-edge information technology infrastructure and networking equipment

16 January

Launched m-Banking to access financial services 24/7 from customers' mobile device

26 May

Launched AYA Royal Banking to provide exclusive financial solutions for premium customers

2 July

Collaborated with OCBC Bank for international transfer

15 July

Launched 'Bill Payment Service' in collaboration with Yangon City Development Committee (YCDC)

September

- Obtained 'Best Private Bank, Myanmar' 2015 by World Finance
- Obtained 'Best Banking Group, Myanmar' 2015 by World Finance
- Obtained 'Most Sustainable Bank, Myanmar' 2015 by World Finance

Received 'Myanmar Highest Tax Payer Award' for including in top 10 large tax payers for the tax assessment year 2013-2014

31 December

Launched AYA Credit Card to provide customers a convenient way of borrowing money

2016

1 April

First institution in Myanmar to adopt full compliance with International Financial Reporting Standards (IFRS)

28 July

Launched MPU-UPI Co-Brand Prepaid Card

16 August

Launched AYA-JCB-MPU Co-Brand Prepaid Card

17 September

Launched JICA Two Step Loan for SMEs

October

- Obtained 'Best Private Bank, Myanmar' 2016 from World Finance
- Obtained 'Best Banking Group, Myanmar' 2016 from World Finance
- Obtained 'Most Sustainable Bank, Myanmar' 2016 from World Finance

Received 'Myanmar Highest Tax Payer Award' for including in top 10 large tax payers for the tax assessment year 2014-2015

November

Launched Education Loan for students attending at private institutions

31 December

Opened AYA 200th Branch at River View Building, Yangon

2017

2 June

Partnered with Misys for the Bank's transformation program to digitalize operations and improve overall efficiency

14 November

Introduced First Corporate Credit Card in Myanmar 'AYA Universal Corporate MPU-JCB Co-Branded Card'

25 November

Launched 'Automobile Hire Purchase Loan' to introduce customers with the easiest and convenient financial plan to purchase vehicles

Received 'Myanmar Highest Tax Payer Award' for including in top 20 large tax payers for the tax assessment year 2015-2016

2018

Launched 'Home Loan' that customers can afford to own your desired apartment or condominium or landed house.

Used CBM Net's Customer Credit Transfer(CCT) function, an upgraded payment system for easy and fast transfer

Launched 'Agriculture Loan' to finance SMEs in the agriculture sector

Launched 'MFI Lending' to provide microfinance to clients

Received 'Best Domestic Bank' award from Asiamoney

Received 'Myanmar Highest Tax Payer Award' for including in top 20 large tax payers for the tax assessment year 2016-2017

2019

Launched new deposit products; 'AYA Su-Buu' designed for payroll customers and 'Business Account Call Deposit' designed for large corporates

Introduced 'DBS to AYA Remit (Inward)', a convenient way to send money

Received 'Best Bank for CSR' award from Asiamoney

Received 'Best Bank for SMEs' award from Asiamoney

Received globally recognized EDGE certificate for 'Gender Equality' in working environment

Received 'Myanmar Highest Tax Payer Award' for including in top 10 large tax payers for the tax assessment year 2017-2018

Launched digital wallet solution, 'AYA Pay' for convenient payments and transfers

2020

Opened 265th branch in Kachin State

10 Aug 2020

Received 'Myanmar Highest Tax Payer Award' for including in top 10 large tax payers for the tax assessment year 2018-2019

2021

Upgraded to Core Banking System Essence 7

2022

March

Reached ONE MILLION customers for AYA Pay digital wallet solution

First Bank in Myanmar to launch the international remittance saving account "Ngwe Toe Mae-Shwe O"

October - November

- Organized 'AYA Banker Quiz' learning and competition program for staff from all levels of the bank to build up internal relations and improve industrial knowledge

December

- Conducted 'AYA Express Zay' event to offer visitors one-stop digital banking services.

- Incorporated as Public Company Limited (PCL) to create long-term growth

2023

February

Signed MOU between AYA Bank and UMFCFI on development of MSMEs



AWARDS & ACCOLADES



Best Commercial Bank 2017 Myanmar by World Finance
Best Retail Bank 2017 - Myanmar by World Finance
Best CSR by Asiamoney
Best Regional Partner in Southeast Asia By CFI



Best Banking Group 2016 by World Finance
Most Sustainable Bank 2016 by World Finance
Best Private Bank 2016 by World Finance



Best Banking Group 2015 by World Finance
Most Sustainable Bank 2015 by World Finance
Best Private Bank 2015 by World Finance



Best Private Bank 2014 by World Finance
Best Retail Bank 2014 by World Finance
Fastest Growing Retail Bank Myanmar 2014 by Global Banking & Finance Review Awards
Most Innovative Banking Services (AYA iBanking) Myanmar 2014 by Global Banking & Finance Review Awards
Banker of the year 2014 by Myanmar Times



Best Private Bank 2013 by World Finance



SENIOR MANAGEMENT BIO



U Zaw Zaw

Founder and Chairman

Ayeyarwady Bank Public Company Limited (AYA Bank PCL)

U Zaw Zaw is a successful business magnate and Founder and Chairman of AYA Bank. He is graduated from the University of Yangon with a major in Mathematics. With a combination of overseas experiences and personal strength, U Zaw Zaw founded Max Myanmar Company in 1993 and AYA Bank in 2010. His achievements include steering the management and growth of AYA Financial Group and Max Myanmar Group of Companies, major conglomerates in Myanmar. He is an established and well-connected entrepreneur and business leader in Myanmar, with 30 years of management experience.

He is currently serving as the President of the Myanmar Football Federation since 2005 and Senior Vice President of Asean Football Confederation (AFC). He relentlessly provides both funding and effort for the development of soccer in Myanmar. As a firm believer of contributing to the society and helping the needy, he has supported various philanthropic causes through the Ayeyarwady Foundation, including the Yankin Children Hospital, Ayeyarwady Covid-19 Center, and a wide range of corporate social responsibility initiatives nationwide.



Daw Khin Saw Oo

Executive Chairman

Ayeyarwady Bank Public Company Limited (AYA Bank PCL)

Daw Khin Saw Oo, a veteran banker of over 40 years of experience in monetary and financial sector, is the Executive Chairman and a member of the Board of Directors of AYA Bank. She held the position of Vice-Chairman since she joined the AYA Bank in 2018. She is one of the driving forces of AYA Bank's move towards a more accountable, responsible, and transparent organization. Her visionary leadership and zealous efforts resulted her in re-designation as the Executive Chairman of AYA Bank in May 2021.

She was formerly, the Deputy Governor of the Central Bank of Myanmar and retired in July 2017. She had the professional experience as a Technical Assistant to the Executive Director in the South-East Asia Voting Group Office, International Monetary Fund (IMF). She had the vast exposure to numerous ASEAN and International financial platforms during her Deputy-Governorship at the Central Bank of Myanmar. She has been selected as the Chairperson of the Myanmar Banks Association for two years term starting from May 2021.

She holds a master's degree in International Affairs (Economic Policy Management) from Columbia University of New York, U.S.A. She got her bachelor's degree of Economics (Mathematical Statistics) and a Diploma in Economic Planning from the Institute of Economics, Yangon.



U Than Zaw

Vice-Chairman

Ayeyarwady Bank Public Company Limited (AYA Bank PCL)

U Than Zaw is a member of the Board of Directors of AYA Bank and presently holds the position of Vice-Chairman. He was appointed as the Managing Director to AYA Bank from 2011 to 2013. During his tenure, he has led the fledgling Bank to grow its brand and network in Myanmar. He also heads AYA SOMPO Insurance as a Vice-Chairman. U Than Zaw's vast experience includes eight-year tenure with the Olympics Committee as a Treasurer and another two years as the Chief Executive Officer of the Myanmar Football Federation. He is instrumental in strengthening systems and procedures by taking initiatives. U

Than Zaw has been giving the guidance at Board level regards to policies, practices to ensure the bank in full compliance with stipulated laws and regulations.



Daw Khin Ma Ma

Vice-Chairman

Ayeyarwady Bank Public Company Limited (AYA Bank PCL)

Daw Khin Ma Ma is a member of the Board of Directors of AYA Bank since 2010 and presently holds the position of Vice-Chairman. She has been appointed as Deputy Managing Director in 2011, Executive Director in 2013 and currently re-appointed as Vice-Chairman in 2022 due to her strong commitment and constant demonstration on effectiveness of the Board and Bank's strategic direction. She obtained a bachelor's degree in Science from University of Yangon.

Daw Khin Ma Ma brings along with her a wealth of cross- sector experience gained through her 17 years in the service industry. With her passion for delivering quality service, she has improved services providing in all branches to a higher level. She plays a pivotal role in human resources management, provides guidance for talent strategy, and leads in all aspects of human resources and talent management.



U Myint Zaw

Chief Executive Officer

Ayeyarwady Bank Public Company Limited (AYA Bank PCL)

U Myint Zaw is a member of the Board of Directors of AYA Bank. He has been appointed as Managing Director in 2017, re-appointed as Senior Managing Director in 2021 and Chief Executive Officer in 2022 for his growth initiatives, leadership abilities, and managing the strategic direction of the Bank. He graduated with B-Econ (Economics) and received a Master of Public Administration (MPA) as well. He held various senior positions in Advertising and Marketing for well-established and reputable international and local companies in the private sector.

His professional background comes from over 25 years of working experience from different industries in Agriculture, Advertising, Commodity Future Market, Beverage and Soft Drink Industry, Telecommunications and Education. Before joining AYA Bank, U Myint Zaw founded Professional Marketers Association (PMA) and developed Ground Solution Company that provided management and consultancy services.

His strong knowledge of marketing and operations in theory and practice rendered invaluable service for the bank. He has proven track record of delivering business impact and optimization of marketing that brings up sustainable and a strong corporate culture and promoting the service quality.



Daw Lwin Lwin Aung

Chief Financial Officer

Ayeyarwady Bank Public Company Limited (AYA Bank PCL)

Daw Lwin Lwin Aung is the Chief Financial Officer of AYA Bank and is the member of the Bank's Executive Committee. In her capacity as Chief Financial Officer, she is responsible for the overall financial management of the Bank including financial reporting, budgetary control and performance monitoring, statutory audit, implementation of International Financial Reporting Standards (IFRS) and strategy implementation while working closely with senior management. She leads the Finance & Accounts Team and works closely with Treasury Team in Financial and Treasury related functions respectively.

Prior to that, she was a Chief Financial Officer of a SGX Listed Company in Singapore and played a key role in Group's Financial Affairs that includes Financial Planning & Reporting, compliance with SGX regulations, Internal Control & Risk Management, Fund raising including ordinary & preference share issuance, Merger and Acquisition and Investor Relations. She also held other roles in Senior Finance positions in Singapore. In addition to typical Finance related expertise, her expertise covers Business Valuation, Merger & Acquisition, Financial Due Diligence, Initial Public Offering (IPO) and Investment and Divestment activities.

She holds a Master's degree in Business Administration from Nanyang Technological University (Singapore), a professional qualification from Association of Chartered Certified Accountants (UK) and a Bachelor of Arts in English. She is also a member of the Institute of Singapore Chartered Accountants (CA Singapore).



Daw Jasmine Thazin Aung

Managing Director (Corporate Business)

Ayeyarwady Bank Public Company Limited (AYA Bank PCL)

Daw Jasmine Thazin Aung is the Managing Director – Head of Corporate Banking of AYA Bank and Chief Executive Director of Max Global Investment. In her capacity with AYA Bank, she takes charge of Corporate Banking Business and Financial Institutions establishment. She is a member of the Executive Committee of AYA Bank.

In addition to her MD – Head of Corporate Banking role, she also co-heads and takes several roles with AYA Financial Group (“AFG”). With AFG, she takes charge of AYA Trust Securities Co., Ltd as the Managing Director for Capital Market Activities including securities brokerage and Corporate Finance Transactions, and she is also the member of the Board of Directors of AYA SOMPO Insurance Co., Ltd. From her capacity with Corporate Finance activities, she oversees and monitors diversified investment portfolios that includes existing, on-going, and new business ventures of Chairman’s investment office as well new Mergers and Acquisitions [“M&A”], Joint Ventures with Potential Partners for AYA Financial Group’s entities and/or investment in new ventures.

She holds a master’s degree in Business Administration (Corporate Finance) from Nottingham Trent University. Before joining AYA Financial Group and Max Global Investment, she was a PwC Advisory Partner and local Lead Director/Partner for PwC Myanmar. She has over 16 years of professional experiences including 11.5 years with PwC Singapore and PwC Myanmar for audit, financial advisory and consulting and 5 years in the Maritime service industry in Myanmar.



U Nyein Chan Soe Win

Managing Director (Digital Banking)

Ayeyarwady Bank Public Company Limited (AYA Bank PCL)

U Nyein Chan Soe Win is the Managing Director for 'Digital Banking' of AYA Bank and is a member of the Bank's Executive Committee. He is responsible for managing the roadmap and defining the customer experience for Digital channels where he plays a visible role of driving and delivering the Bank's digital payments agenda. Over the years, he has been the main strategic driver for digital wallet application namely 'AYA Pay'.

He leads and runs the digital innovation across the bank with an aspiration to propel AYA in becoming a premier digital bank.

He has strong leadership, management and business development skills with solid experiences in start-ups, entrepreneurship, payments, FinTech, emerging market, e-commerce and IT service management.

U Nyein Chan Soe Win holds a master's degree from Nanyang Technology University. Prior to joining AYA Bank, he played the role of IT professional in Singapore for one of the world's leading energy company and advanced his career as a Managing Director of Singapore based regional payment company where he transformed digital payments in Myanmar, remarkably enablement of digital payments, launch of first virtual prepaid card and the launch of first mobile banking with QR payment. He also co-founded the first blockchain Omni Channel Digital Commerce Platform in Myanmar and became CEO and CTO.



U Ko Ko Oo

Managing Director (Governance, Risk Management and Compliance)

Ayeyarwady Bank Public Company Limited (AYA Bank PCL)

U Ko Ko Oo, co-chairperson of Board, Risk and Compliance Committee, has been appointed as Managing Director of Governance, Risk Management and Compliance in 2022 for his strong strategic skills as well as effective implementation for risk, compliance and governance. He joined AYA Bank in 2010 since its inception and had taken various positions and responsibilities. He became Deputy Managing Director in 2014 and has been appointed as Senior Chief Risk and Compliance Officer in 2018. He studied Master of Public Administration and brought in his expertise of Strategic Studies and International relations.

He has developed and implemented the Risk and Compliance Management System for the bank business and support functions. He is managing all aspects of risk to the organization, employees, clients, reputation, assets, and interests of stakeholders. U Ko Ko Oo possesses a powerful commitment to his task. Besides his present responsibility, he cooperatively managed the Bank's administrative matters and Bank Branches Network for new branch opening across Myanmar.



U Minn Wint Oo

Managing Director (Banking Operations and Retail Banking)
Ayeyarwady Bank Public Company Limited (AYA Bank PCL)

U Minn Wint Oo is the Managing Director for “Banking Operations and Retail Banking” of AYA Bank and came on board in 2011. He is a member of the Executive Committee, Asset-Liability Committee, Credit Committee, Product and Business Development Committee, and IT and Digitalization Steering Committee. As the Managing Director of Banking Operations and Retail Banking, he is responsible for daily banking operations, ensuring efficiency of the Bank, necessary to support the business objectives, leading more than 4500 employees who deliver banking services to clients across AYA

Bank’s 265 branches in the country. He also oversees the teams handling centralized operations, currency operations as well as branch operations systems support, and retail banking.

During his early tenure at AYA, he held the post as Chief Technology Officer, the strategic founder and executive decision maker with regards to the technological advances of AYA Bank. He was the main driving force for the bank’s whole IT systems and infrastructure, including, but not limited to, Data Centers, Network Architecture, Software Development, and Information Security. He is responsible for outlining the bank’s technological vision, implementing technological strategies, developing policy and procedures, and ensuring that the technological resources are aligned with business goals.

He graduated from Yangon Technological University and continued specialization in IT industry. Along with strong technical knowledge and expertise in banking, he is the right talent to take the bank to its next level. He is the core person in driving and reinforcing digital transformation of the bank, integrating digital technology into all areas of the bank, optimizing operations and value delivery to customers. With his technological background as an added advantage, he is able to take AYA Bank to the next level of Banking for the ever-changing customer centric economic environment.



U Nay Lin Htut

Chief Credit Officer

Ayeyarwady Bank Public Company Limited (AYA Bank PCL)

U Nay Lin Htut is the Chief Credit Officer of AYA Bank and a member of the Bank's Executive Committee. He has been with the Bank for more than 9 years. In his current role, he is responsible for credit underwriting, assessment, administration, monitoring, recovery, and reporting activities of all credit portfolio of the Bank. He is also the member of the Credit Committee, and Assets and Liability Committee.

Prior to his role in Credit, he spent 8 years in Corporate Banking Unit, heading Domestic Corporate Banking Department and subsequently assigned as a Deputy Head of Corporate Banking Unit whereby he was responsible for the management of the corporate client's business portfolio which involves profitable partnerships, improving credit quality of the portfolio and developing transactional business through enhanced service experiences. In this role, he has extensive experience to accommodate corporate customers' business needs and banking needs, specialized in corporate lending and thoroughly familiar with credit assessment under various industries including infrastructure financing.

He is one of the pioneer members of Credit Bureau Business Committee and Myanmar Credit Bureau (MMCB) since 2019 and was instrumental in setting up system readiness, pricing mechanism and reporting format. U Nay Lin Htut holds a bachelor's degree in Business Management (Finance) from RMIT (Royal Melbourne Institute of Technology) University in 2012 and completed his Chartered Financial Analyst (CFA) Level 1 in 2019.

Shareholding Information

AYA Bank is organized independently as a stand-alone business and has been operating with its own culture, management structure, business structure and legal structure. It is incorporated with shares owned by following shareholders:

Name	Board Members	No. of Shares	Holding %
U Zaw Zaw	✓	1,036,000	74.00 %
Daw Htay Htay Khaing	✓	170,000	12.14 %
U Soe Tint		63,000	4.50 %
U Ohn Kyaw		63,000	4.50 %
Daw San San		34,000	2.428 %
U Than Zaw	✓	34,000	2.428 %
Daw Khin Saw Oo	✓	30	0.002%
Daw Khin Ma Ma	✓	30	0.002%
U Myint Zaw	✓	30	0.002%
Total		1,400,090	100%

Sustainability

Our Commitment for Sustainable Strategy

We are committed to create a better tomorrow not only for Myanmar Banking industry but also for our society; hence we keep embedding “Sustainability” at our heart. It is integrated into every part of our business, from Bank’s operations to our corporate culture and communications.

We are obligated to adopt a set of principles while implementing Bank’s strategies that will mainly focus on treating the internal and external customers and communities that we serve, using natural resources responsibly, and for long-term investment. It is very important to consider how our business practices impact to others environmentally, culturally, and socially. Only a proper balance between aspects of environmental, economic, and social could only lead to long-term sustainable development.

Furthermore, culture is essential in building sustainability right across the Bank’s operations and we practice the principle of “setting the tone at the top”. Our strong leadership and an engaged corporate culture encourage sustainable business practices throughout the Bank.

Board Committees



Board of Directors

Board is the highest authority within the structure of the Bank and the Board of directors has ultimate responsibility for the bank's business strategy and financial soundness, organizational structure, governance framework and practices, risk management and compliance obligations. The Board is chaired by Founder and Chairman of the Bank and comprising nine members including three Independent Non-Executive Directors with diverse backgrounds and expertise. The Board ensures compliance with the regulatory and legal framework, and the existence of an effective and productive relationship with key stakeholders. For dedication and best governance, the Board has appointed numbers of committees for designated areas.

The Board of directors play a critical role in the Bank's success. In order to make sure every director is on board with the Bank's goal, and the entire Board is in sync with the Bank's mission, various training programs including orientation programs are provided. The new director orientation program will bring them up to speed on the Bank, its competitive environment, strategies, and board processes.

Roles and Responsibilities of Board of Directors

In discharging their responsibilities, the Board of Directors must take into account the legitimate interests of depositors, shareholders, and other relevant stakeholders. The responsibilities of the Board of Directors shall include –

1. Keeping up with material changes in the bank's business and external environment as well as act necessary changes in a timely manner to protect the long-term interests of the bank.
2. Overseeing the development and approval of the bank's business objectives and strategies and monitoring their implementation.
3. Playing a leading role in establishing the bank's corporate culture and values
4. Overseeing implementation of the bank's governance framework and review periodically that it remains appropriate in the light of material changes to the bank's size, complexity, geographical footprint, business strategy, markets, and regulatory requirements.
5. Establishing along with bank's officers, the bank's risk appetite, taking into account the competitive and regulatory landscape in the banking industry and the bank's long-term interests, risk exposure and ability to manage risk effectively.

6. Approving the policy and overseeing the implementation of key policies and rules pertaining to the bank's capital adequacy assessment process, capital and liquidity plans, compliance policies and obligations, and the internal control system.

7. Overseeing the integrity, independence and effectiveness of the bank's policies and procedures for reporting fraud and other illegal activities

8. Overseeing the development of and approving the bank's policy on transactions with related parties; and overseeing the compliance of the bank with the Financial Institutions Law, regulations and directives issued there under.

Role of Committees

1. Executive Committee

The Executive Committee is led by an Executive Chairperson of the Bank and serves as steering committee for the rest of the Board. It has the power to facilitate decision-making between board meetings or in urgent and crisis circumstances.

The Executive Committee reports to the Board and is responsible for ensuring that the Board's policies and guidance are implemented in daily operations, and good corporate practices are maintained. In addition to this, the role of the executive committee includes monitoring the ethics policies, human resources, security guidelines, quality management, sound financial management and the Bank's compliance with regulations.

2. Audit Committee

The Board Audit Committee is chaired by an Independent Non-Executive Director and comprised of members from various areas such as risk and compliance, legal, finance and audit. The Board Audit Committee has been providing continuous advice to the Board with regards to the effectiveness and independence of the Bank's internal audit function, the overall risk governance framework and internal control system. Audit Committee is responsible to ensure that senior management is taking necessary corrective

actions in a timely manner to address control weaknesses, non-compliance with policies, laws and regulations, and other problems identified by auditors and other control functions.

3. Board Risk and Compliance Committee

The Board Risk and Compliance Committee (BRCC) is headed by Vice Chairperson of the AYA Bank. BRCC assists the Board to achieve effective corporate governance and oversight responsibilities in relation to risk and compliance management strategy, framework and risk and compliance management function of the Bank. BRCC oversees the policy of risk and compliance, determines Bank's risk appetite, and risk tolerance, and ensures that risk assessments are performed regularly and monitor the whole risk and compliance process.

4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee is chaired by an Independent Non-Executive Director and the main role of the committee is to set succession and compensation policies in the Bank, identify directors and Senior Management in accordance with the criteria laid down and

recommend their appointment to the Board. The committee is responsible for the overall oversight of the compensation system for the entire bank. In addition, the committee shall regularly monitor and reviews outcomes to ensure that the bank-wide remuneration system is operating as intended.

5. Human Resources Committee

The Human Resources committee is chaired by the Vice Chairperson of the Bank and responsible for assisting the Board in fulfilling its oversight responsibilities for human resources related policies and strategies. The committee is responsible for employees' compensation, benefits, and performance management, and to ensure that the Bank is following government laws, international and local best practices. The committee's objective is to retain qualified and productive employees, to ensure human resources risks are appropriately identified and mitigated, and to create an attractive environment for existing and prospective employees of AYA Bank.

6. Assets and Liabilities Committee

The Assets and Liabilities Committee (ALCO), chaired by the Executive Chairperson, is responsible for overseeing the management of the bank's assets and liabilities. ALCO provides an important oversight for effectively evaluating on-and off-balance-sheet risk for the bank. One of the objectives is to ensure adequate liquidity while managing the spread between the interest income and interest expense. Members also consider investments and operational risk. ALCO members' responsibilities typically include managing market risk tolerances, establishing appropriate management information systems, and reviewing and approving the bank's liquidity

and funds management policies. This includes developing and maintaining a contingency funding plan, reviewing immediate funding needs and sources, and determining liquidity risk exposures to adverse scenarios with varying probability and severity.

7. Credit Committee

The Credit Committee is chaired by the Chief Executive Officer of the Bank and is the decision-making body for approval of credit facilities in the Bank. The purpose of the committee is to oversee the credit and lending strategies, objectives of the bank, the credit risk management of the Bank, reviewing the credit policies and the quality of and performance of the entire Bank's credit portfolio, and regular assessment of the quality of risk assets in the Bank.

8. Product and Business Development Committee

The Product and Business Development Committee is led by the Chief Executive Officer of the Bank and is comprised of Head of Business Units and Product Development Department. The committee is responsible for overseeing and managing the process and procedures for product design and development in compliance with the Bank's strategy and regulatory guidelines. That includes reviewing product performance and competitiveness in the current market for its continued relevance and justification.

9. Purchasing Committee

The Purchasing Committee is managed by the Vice Chairperson of the Bank and is established for independent review and evaluation of purchasing documentation. The committee is

obliged to decide the most appropriate supplier or service provider for the Bank and ultimately responsible for the successful outcome of the evaluation process. The committee members must be in no way related to or associated with any of the suppliers being evaluated.

10. IT and Digitalization Steering Committee

The IT & Digitalization and Steering Committee is led by the Chief Executive Officer of the Bank. The primary objective is to effectively manage IT resources and implement IT Governance to align with the strategic direction of the Board. This includes building, acquiring, and implementing the required infrastructure, applications, and services for the Bank. The secondary objective is to support IT projects as defined by the committee. The committee is responsible for evaluating and assessing the performance and compliance of all the IT related processes, practices, and activities.

11. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee is chaired by Independent Non-Executive Director and obliged to define the strategy of the Bank's corporate social responsibilities to implement effectively and oversee the approach to be in

line with the Bank's CSR pillars. The committee determine from time to time and recommend various aspects of corporate social responsibilities including the Bank's culture, employment issues, health & safety, human rights, workforce diversity & inclusion, the environment, community & social investment, compliance with ethical trading and business practices and other CSR-related matters.

12. Health and Safety Committee

The health and safety committee (HSC) is managed by the Chief Executive Officer of the Bank. The committee is formed to address concerns related to occupational health and safety issues that affect employees. This includes addressing hazards in the workplace, responding the health issues in pandemic efficiently, implementing new safety and procedures, reviewing safety training requirements. The purpose is to create communication with employees and management personnel to improve safety and reduce hazards. The committee holds meetings quarterly and discuss health and safety issues, develop plans and procedures to resolve the identified issues, recommend corrective actions and evaluate the reports submitted to the committee.

BOARD COMMITTEES

Committee meetings were conducted in budget year 2022-2023 as follows:

Meeting Title	No. of Meetings
Board Committeet	11
Executive Committee	20
Board Audit Committee	11
Board Risk And Compliance Committee	7
Board Nomination and Remuneration Committee	3
Assets and Liabilities Committee	7
Credit Committee	11
HRC Committee	12
Product and Business Development Committee	6
Purchasing Committee	8
Corporate Social Responsibility Committee	4
Health & Safety Committee	4

All board members require compulsory attendance at meetings of the Board of Directors if there is no reasonable cause. Board members are required to attend at least 75% of all regularly scheduled meetings. The Secretariat Section under Corporate Affairs Department organizes the management calendar for the year and schedules the meeting of the Board of Directors at least 10 times a year with the interval between two meetings not to exceed two months. During the financial year 2022-2023, the board held 11 regular scheduled meetings and attended by all members of the board.



COMPLIANCE

Compliance is a crucial function within AYA Bank, responsible for closely monitoring the Bank's financial services businesses to ensure they adhere to regulations and internal controls. The primary objective of the compliance department is to measure and manage the risks faced by the bank while protecting the interests of investors and depositors. By doing so, it aims to mitigate business risks and combat financial crime effectively. Moreover, the compliance department identifies potential risks that the bank may face and provides advice on how to prevent or address them.

To establish a strong compliance framework, AYA Bank has implemented a comprehensive approach, policies, and functions that encompass fundamental principles, legal and regulatory compliance, and financial reporting. These guidelines are followed by the board, management, and staff to ensure consistent adherence to compliance standards. The independent compliance function serves as a key component of the bank's second line of defense, monitoring and verifying that the bank operates with integrity and complies with applicable laws, regulations, and internal policies. Periodic reviews of the compliance function's effectiveness are conducted, which include assessing the bank's compliance with laws and regulations set by the Central Bank of Myanmar (CBM), as well as the outcomes of management investigations and follow-ups on fraudulent acts or instances of non-compliance. The department also examines any findings from regulatory agency examinations and significant correspondences with such agencies.

The compliance function not only focuses on risk management but also acts as a point of contact within the Bank for compliance queries from staff members. It provides guidance to employees on the proper implementation of compliance measures. Key areas of focus for the compliance function include preventing bribery, money laundering, country sanctions violations, ensuring fair business practices with consumers, and addressing ethical issues that may pose reputational risks to the Bank.

To ensure effective compliance, the following key elements and steps are implemented:

Know Your Customer Policy:

AYA Bank has a comprehensive Customer Acceptance Policy that takes into account various factors such as customer types, activities, associated accounts, and risk indicators. This policy includes a detailed description of customers based on their associated risks.

Reporting of Suspicious Transactions:

AYA Bank adheres to legal requirements and promptly files suspicious transaction reports when necessary. Designated officers within the Bank report any detected suspicious transactions or transactions believed to be related to criminal activity based on reasonable grounds.

Customer Due Diligence Measures:

Customer Due Diligence is a vital process at AYA Bank, involving a systematic procedure to assess potential risks associated with doing business with an organization or individual. This includes verifying the identity of new customers, establishing ownership structures, collecting information about customer activities and markets, and identifying other entities with which a customer conducts business.

**Reporting of Suspicious Transactions/
Record Keeping:**

The Bank maintains detailed records of suspicious transactions, along with relevant investigation details and decisions made. These records are retained for the required period, in accordance with the Bank's policy and regulatory requirements.

On-Going Monitoring of High-Risk Transactions and Accounts:

A risk-based approach is employed to monitor high-risk transactions or customers, specifically targeting money laundering and terrorist financing activities. By understanding the normal and reasonable account activity of customers, the bank can identify and investigate unusual or suspicious patterns of activity.

Appointing Compliance Officers:

Compliance Officers are appointed in all departments and branches of the Bank. Their responsibilities include establishing and maintaining internal policies, procedures, and compliance manuals. Compliance Officers play a crucial role in identifying and mitigating noncompliance risks, both externally and internally. They constantly report to management on the organization's compliance with laws and regulations and ensure that employees are aware of their obligations to comply with internal and external requirements.



Effective Risk and Compliance Training:

AYA Bank recognizes the dynamic nature of the financial industry and the need to stay updated on emerging risks and regulations. The Bank designs training programs to reduce risks, enhance workforce efficiency, and ensure employees are well-versed in banking sector developments. Continuous training and seminars on risk and compliance are provided to help employees detect and report suspicious activities, including predicate offenses to money laundering and terrorist financing.

Independent Audits:

AYA Bank's Internal Audit Team plays a vital role in proactively identifying and assessing potential risks, weaknesses, and noncompliance situations. They collaborate with all departments and branches across the country to enforce compliance and evaluate the effectiveness of applying anti-money laundering and combating the financing of terrorism (AML/CFT) guidelines and relevant laws on an annual basis.

By diligently implementing these compliance measures, AYA Bank aims to foster a culture of integrity, maintain the trust of its customers and stakeholders, and operate within the boundaries of applicable laws and regulations.

Furthermore, we use our collective capacity to foster partnership with colleagues for the purposes of learning and growth. By developing our employee at all levels, enabling the Bank to build a strong succession pipeline of future leaders.



AYA SERVICES

Corporate and Commercial Banking Services

- Working Capital Financing
- Structured Trade and Commodity Financing
- Machinery and Equipment Financing
- Project Financing
- Commercial and Industrial Property Financing
- Contract Financing
- Invoice Discounting

Transaction Banking Services

- Cash Management
- Trade Finance Services and Supply Chain Financing
- International Remittances

Investment Banking (AYA Trust – subsidiary of AYA Financial Group)

- Underwriting
- Dealing
- Brokerage
- Advisory

Insurance (AYA Myanmar Insurance – subsidiary of AYA Financial Group)

Life Insurance:

- Endowment Life Insurance
- Group Life Insurance
- Health Insurance
- Special Highway Travel Insurance

General Insurance:

- Cash-in Transit/ Cash-in-Safe Insurance
- Comprehensive Motor Insurance
- Fire Insurance
- Marine Cargo/ Inland Transit Insurance

Gold Special Counter Branch



Yangon (25)
Shwe Bon Tha Branch
No (38), Ground Floor, Shwe Bon Tha Street, Pa Pe` Tan Tsp, Yangon Division.
01-387048, 01-387988



Yangon (83) Ahlone (River View)
Block No(3/B), Quarter No- 23 (G-1), Corner Of Strand Road & Thit Taw Road, River View Point Condominium, Ahlone Township, Yangon Division.
01-2317891-95



MDY (22) 26 Street (Seiktaya Mahi Compound)
(26) Street, Between Of (73x74), Seiktara Mahi Compound, Chan Aye Tharzan Township, Mandalay Division.
02-2848034-35



Mawlamyaing (1) Branch
4/D, Kan Nar Road, Shwe Taung Qtr, Mawlamyaing.
057-25944, 25945

Small and Medium Enterprises (SMEs) in AYA

AYA SME Banking provides SMEs with loans at appropriate interest rates to reduce impediments in access to financing for business expansion and procurement of machinery and equipment. In addition, AYA SME Banking works with INGOs such as Japan International Cooperation Agency (JICA), United States Agency for International Development (USAID) and Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance (ACDI/VOCA) to provide SMEs with technical assistance, market linkages around the country for their products, and grants for the promotion of local products for local development beginning with production to consumer outreach. Geographical coverage includes southern Shan State, Mandalay Region, Ayeyarwady Region, Sagaing Region and Kachin State.

Loans and other banking services available at Ayeyarwady Bank were showcased at the MSME Talk Show sponsored by Bago Region Government. To promote entrepreneurship among women, AYA SME Banking participated in Entrepreneurship Support Initiative (ESI) Program held at MICT Park and in MYANWEN Women Entrepreneurship Program held at Novotel Yangon Max and provided financing assistance to women entrepreneurs. Further, Myanmar Women Entrepreneurs' Association (MWEA) plans to work with the Ministry of Industry to select over 250 women entrepreneurs for project training and financial knowledge sharing to be organized in cooperation with Korean experts. Subsequently, Ayeyarwady Bank will provide loans and banking services to empower those women entrepreneurs.



Bancassurance



Bancassurance Unit was implemented to make available insurance products of insurance companies at bank branches using the Bancassurance Distribution Channel, bringing insurance products that contribute to a worry-free life for the people are close at hand and accessible down to the grassroots level. The Bancassurance Unit continuously reviews the current sale of insurance services and works with AYA SOMPO General Insurance Company and AIA Life Insurance Company to offer value-added service at bank branches for the satisfaction of the general public.

The staff of the bank branches are provided insurance service training at the Head Office of AYA, AYA SOMPO and AIA and also at the bank branches in various towns around Regions where Bancassurance operations have been set up. Application training is also provided to enable efficient use of the Bancassurance Application on the part of bank branch staff. Weekly tripartite meetings are conducted among AYA, AYA SOMPO and AIA, while Division Heads and Zone Heads review the performance of bank branches, visit bank branches and accompany the staff on their customer calls to be up to date with the difficulties encountered in the sale of insurance services. Various training formats are used, including physical training, online training and refresher training.

The Bancassurance Unit provided the general public with enquiry services and sharing of general knowledge relating to insurance at the "Women Entrepreneurship Program" event on 9 December 2022, and at the AYA Express Fair organized at the Novotel Hotel, offering insurance cover to customers. In the coming years, the Bancassurance Unit will continue expanding into new bank branches and providing training to achieve target numbers.

Correspondent Banks

CURRENCY: USD

No.	BANK	LOCATION	SWIFT BIC
1	UNITED OVERSEAS BANK LIMITED	SINGAPORE	UOVBSGSG
2	OVERSEA-CHINESE BANKING CORPORATION LIMITED	SINGAPORE	OCBCSGSG
3	DBS BANK LTD	SINGAPORE	DBSSSGSG
4	MIZUHO BANK, LTD. SINGAPORE BRANCH	SINGAPORE	MHCBSGSG
5	BANGKOK BANK PUBLIC COMPANY LIMITED	BANGKOK, THAILAND	BKKBTHBK
6	KASIKORNBANK PUBLIC COMPANY LIMITED	BANGKOK, THAILAND	KASITHBK
7	SIAM COMMERCIAL BANK PCL	BANGKOK, THAILAND	SICOTHBK
8	KRUNG THAI BANK PUBLIC COMPANY LIMITED	BANGKOK, THAILAND	KRTHTHBK
9	MIZUHO BANK, LTD.	TOKYO, JAPAN	MHCBJPJT

CURRENCY: EUR

No.	BANK	LOCATION	SWIFT BIC
1	UNITED OVERSEAS BANK LIMITED	SINGAPORE	UOVBSGSG
2	UOVBSGSG	FRANKFURT, GERMANY	BHFBDEFF

CURRENCY: SGD

No.	BANK	LOCATION	SWIFT BIC
1	UNITED OVERSEAS BANK LIMITED	SINGAPORE	UOVBSGSG
2	OVERSEA-CHINESE BANKING CORPORATION LIMITED	SINGAPORE	OCBCSGSG
3	DBS BANK LTD	SINGAPORE	DBSSSGSG

CURRENCY: JPY

No.	BANK	LOCATION	SWIFT BIC
1	MIZUHO BANK, LTD.	TOKYO, JAPAN	MHCBJPJT

CURRENCY: CNY

No.	BANK	LOCATION	SWIFT BIC
1	OCBC WING HANG BANK (CHINA) LIMITED (FORMERLY OCBC BANK (CHINA) LIMITED)	SHANGHAI, CHINA PRC	OCBCCNSH
2	INDUSTRIAL AND COMMERCIAL BANK OF CHINA (YANGON BRANCH)	YANGON, MYANMAR	ICBKMMMY

CURRENCY: THB

No.	BANK	LOCATION	SWIFT BIC
1	BANGKOK BANK PUBLIC COMPANY LIMITED	BANGKOK, THAILAND	BKKBTHBK
2	KASIKORNBANK PUBLIC COMPANY LIMITED	BANGKOK, THAILAND	KASITHBK
3	SIAM COMMERCIAL BANK PCL	BANGKOK, THAILAND	SICOTHBK
4	KRUNG THAI BANK PUBLIC COMPANY LIMITED	BANGKOK, THAILAND	KRTHTHBK





CORPORATE SOCIAL RESPONSIBILITY

AYA Bank is building an inclusive organization that prioritizes the well-being of our community. Hence, our CSR activities have become a single tool that can support sustainability. For AYA Bank, CSR has been an inherited and inbuilt element of its culture from the day the Bank was founded. We are committed to assisting the larger community through a variety of purposeful humanitarian programs. Through our community engagement, individuals and communities are empowered to take an active role in their own well-being and participate in the decisions and structures that impact the community's development.

We work with local schools, colleges, and universities to provide financial assistance in nurturing the education of the younger generations. We organize continuous learning & development programs, education sponsorship and flexible working hours to accommodate with part time courses for staff.

We also work with local hospitals, dispensaries, and other civil society organizations providing healthcare services to the public, whether these entities are public, private or NGOs. As incorporated in our CSR policy, AYA Bank participates in multiple philanthropic activities at large to support areas in need.

With our efforts to increase opportunities for youth and women footballers, the Bank has given its commitment for aiding holistic development of Myanmar football.



We encourage our employees to participate in community services organized by the Bank such as tree planting for environment, seat belt campaign for safety, blood donation for health, providing other necessary basic needs for disaster response and volunteering at AYA Quarantine Center in combating COVID-19 pandemic. We took turn every Sunday and provided services to do cleaning work at the Yankin Children Hospital.

Our CSR activities are largely implemented directly or through the Ayeyarwady Foundation. The Bank's contribution includes several pioneering interventions, with a focus to support the wellbeing of the community. While Myanmar grappled with the COVID-19 global pandemic, AYA Bank, in collaboration with the Ayeyarwady Foundation, has been at the forefront to control the impact of the pandemic.

The most significant project is, setting up of a temporary COVID-Care Hospital with a capacity of more than 500 beds with 100 medical staff and volunteers in Thuwanna, Yangon, to treat coronavirus infected patients. Along the CSR journey, AYA Bank conducted socio-economic development activities through Ayeyarwady Foundation in various sectors such as education, health, environment, disaster response and microfinance.



EMPLOYEE DEVELOPMENT

AYA Employee transformation

We value our people. We nurture, develop and respect them, celebrate their success together, and are respected for our highly professional approach. We take bold steps to invest in the trainings and development of workforce to become future-ready as the financial industry evolves.

AYA Continuous Learning Journey

AYA Bank is committed to be at the forefront of the future of banking, with the ability of nurturing future talents. We help our people improve their competencies, gain new skills, increase the knowledge horizon, and grow them in both personal and professional lives. Continuous learning journeys are being provided to our employees for their capacity development and upgrading for future-proof skillsets. By fueling the culture of learning, we provide employees at all levels with access to the Bank's online learning portal which is reachable on their fingertips at any time.

Workplace Training

We are constantly on the move of encouraging our people learning at every day from workplace and further development to ensure having the skills required for the jobs of today and tomorrow. We create an opened working culture for raising questions, learning from mistakes, developing new skills, and acquiring wisdom. It enables employee to get connected with those who have more experience and who can pass on their hard-earned knowledge and career advice. Furthermore, we use our collective capacity to foster partnership with colleagues for the purposes of learning and growth. By developing our employee at all levels, enabling the Bank to build a strong succession pipeline of future leaders.



Total Trainings in FY 2022-2023

2022-Training (Head Count)	AS to Super	AM to SM	AGM to SGM	Deputy Director and Above
	(Supervisor Level)	(Manager Level)	(Middle Management Level)	(Management Level)
Women (Received Training)	2055	4992	92	43
Men (Received Training)	519	1793	76	47
Total	2574	6785	168	90

2023-March/Training (Head Count)	AS to Super	AM to SM	AGM to SGM	Deputy Director and Above
	(Supervisor Level)	(Manager Level)	(Middle Management Level)	(Management Level)
Women (Received Training)	646	2237	92	14
Men (Received Training)	137	709	34	6
Total	783	2946	126	20

Training Counts	Freshmen Orientation	Technical Training	Soft Skill Training
Year 2022	22	85	35
Year 2023-March	12	36	22
Total	34	121	57

Training Counts	Freshmen Orientation	Technical Training	Soft Skill Training
Year 2022	352	1058	83.5
Year 2023-March	192	339	52.5
Total	544	1397	136

AYA Career

As being an employee at AYA Bank, you will find potential prospects to grow across the organization. To ensure the success of everyone in AYA, we offer both lateral and vertical career growth opportunities. A wide range of career support is placed to ensure our employee are continuously developing. The immediate reporting person will be guiding you to set clear career goals with positive feedbacks in achieving them. We also set the culture to take self-responsibility for chasing own career development. Our people management team recognizes the skill set of the individual employee, identifies development programs to help you strengthen quality of work and outreach to next level in career journey.

Total headcount at AYA Bank in FY 2022-2023

Age Group	Women	Men	Total
Under 25	212	365	577
25 to 34	2617	1623	4240
35 to 44	419	529	948
45 to 54	146	206	352
55 and above	18	46	64
Total	3412	2769	6181





FINANCIAL STATEMENT

AYEYARWADY BANK PUBLIC COMPANY LIMITED

Report of the directors

The directors present their report together with the audited financial statements of **Ayeyarwady Bank Public Company Limited** (the "Bank") for the year ended March 31, 2023.

1. DIRECTORS

The directors of the Bank in office at the date of March 31, 2023 are

- U Zaw Zaw
- Daw Htay Htay Khine
- Daw Khin Saw Oo
- Daw Khin Ma Ma
- U Than Zaw
- U Myint Zaw
- Dr. Aung Tun Thet
- U Min Sein@Balawonikaykaray
- U Htun Lin Oo

2. PRINCIPAL ACTIVITIES

The principal activity of the Bank is to provide full banking services with two hundred and sixty-two branches across Myanmar.

3. DIRECTORS' INTEREST IN SHARES OR DEBENTURES

The directors holding office at the end of the financial year had no interests in the share capital of the Bank as recorded in the register of directors' shareholdings kept by the Bank, except as follows:

Shareholdings registered in name of director		
Name of directors	At beginning of Year or date of appointment, if later	At end of year
U Zaw Zaw	1,036,000	1,036,000
Daw Htay Htay Khine	170,000	170,000
U Than Zaw	34,000	34,000
Daw Khin Saw Oo		30
Daw Khin Ma Ma		30
U Myint Zaw		30

4. RESULTS OF THE BANK

The financial position of the Bank as at March 31, 2023 and the financial performance of the Bank for the year then ended are set out on page 6 and page 7, respectively.

5. DIVIDENDS

No dividend has been proposed by the Board of Directors of the Bank for the year ended March 31, 2023.

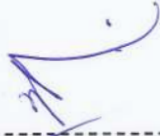
6. AUDITORS

The financial statements have been audited by Khin Sandar Win, Certified Public Accountant and Engagement Partner of Win Thin and Associates Limited.

On behalf of the Board of Directors,



Myint Zaw
Chief Executive Officer
AYA Bank PCL



Than Zaw
Vice Chairman
AYA Bank PCL



Khin Saw Oo
Executive Chairman
AYA Bank PCL

Date: August 15, 2023


AYEYARWADY BANK PUBLIC COMPANY LIMITED
STATEMENT BY DIRECTORS


The Directors are pleased to submit their statement to the members, together with the audited statement of financial position of **Ayeyarwady Bank Public Company Limited** (the "Bank"), the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows together with the notes to the financial statements for the year ended March 31, 2023. These have been prepared in accordance with the provisions of Myanmar Companies Law (the "Law") and the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").


In case of IFRS 9 Financial Instruments: Impairment of Financial Asset, the Bank continues to apply International Accounting Standards 39, Financial Instruments: Recognition and Measurement with loan loss provisioning modified by the Central Bank of Myanmar ("CBM") Notification No. 17/2017, Asset Classification and Provisioning Regulations, and CBM Instruction Letter No.MaBaBa/MP/FIR/(154/2020) dated May 5, 2020 to all financial institutions for extension period till August 31, 2023 for full compliance and the Section 39 of Financial Institution Law ("FIL") 2016.

In the opinion of the Directors, the statement of financial position of the Bank and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows, together with the notes thereon, as set out on pages 10 to 56, are drawn up so as to give a true and fair view of the financial position of the Bank as at March 31, 2023, and the financial performance, changes in equity and cash flows of the Bank for the year then ended and at the date of this statement, there are reasonable grounds to believe that the Bank will be able to pay its debts when they fall due.

On behalf of the Board of Directors,



Myint Zaw
Chief Executive Officer
AYA Bank PCL

Than Zaw
Vice Chairman
AYA Bank PCL

Khin Saw Oo
Executive Chairman
AYA Bank PCL

Date: August 15, 2023



ဝင်းသင်နှင့်အဖွဲ့လီမိတက်

WIN THIN & ASSOCIATES LTD

CERTIFIED PUBLIC ACCOUNTANTS

Room (2B/2C) 1st Floor, Rose Condominium, No. 182/194, Botahtaung Pagoda Road, Pazundaung Township, Yangon Region, Myanmar. Tel: 95-1-8201798, 8296164, Fax: 95-1-8245671 Email: info@winthinassociates.com

Ref: 378/A-88/ March 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of AYEYARWADY BANK PUBLIC COMPANY LIMITED

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of **Ayeyarwady Bank Public Company Limited** (the "Bank"), which comprise the statement of financial position as at March 31, 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 56.

In our opinion, the financial statements present fairly, in all material aspects, the financial position of the Bank as at March 31, 2023 and its financial performance and cash flows for the year then ended in accordance with the provisions of Myanmar Companies Law (the "Law") and the International Financial Reporting Standards ("IFRS"). In case of IFRS 9 Financial Instruments: Impairment of Financial Asset, the Bank continues to apply International Accounting Standards 39, Financial Instruments: Recognition and Measurement with loan loss provisioning modified by the Central Bank of Myanmar ("CBM") Notification No. 17/2017, Asset Classification and Provisioning Regulations, and CBM Instruction Letter No.MaBaBa/MP/FIR/(154/2020) dated May 5, 2020 to all financial institutions for extension period till August 31, 2023 for full compliance and the Section 39 of Financial Institution Law ("FIL") 2016 so as to give a true and fair view of the state of affairs of the Bank as at March 31, 2023, and the results, changes in equity and cash flows of the Bank for the financial year ended on that date.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) issued by International Auditing and Assurance Standards Board (the "IAASB"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), 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.

Basis of accounting - Restriction on distribution or use

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Bank in complying with the financial reporting provisions required by its shareholders and business partners. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Bank, its shareholders and business partners and should not be distributed to or used by parties other than the Bank, its shareholders and business partners without consent from the auditor. Our opinion is not modified in respect of this matter.

Other Matters

Another set of financial statements of the Bank for the year ended March 31, 2023 were prepared by management in accordance with Myanmar Companies Law (the "Law") and the Myanmar Financial Reporting Standards ("MFRS") including the modification of the requirements of Myanmar Accounting Standards 39, Financial Instrument: Recognition and Measurement in respect of loan loss provision by the Central Bank of Myanmar ("CBM") Notification No. 17/2017, Asset Clarification and Provisioning Regulations, and CBM Instruction Letter No.MaBaBa/MP/FIR/(154/2020) dated May 5, 2020 to all financial institutions for extension period till August 31, 2023 for full compliance and the Section 39 of Financial Institution Law ("FIL") 2016 and authorised for issue by the Board of Directors on May 31, 2021.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements in accordance with the accounting policies as described in Note 2 to the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

The directors are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not 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 skepticism 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 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 Bank'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 Bank'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 considerations are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.



Khin Sandar Win (PAPP-437)
B.Com., CPA, DBL
Engagement Partner
WIN THIN & ASSOCIATES LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
FIRM REGISTRATION NO. ACC 008
Date: August 15, 2023



AYEYARWADY BANK PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

As At March 31, 2023

Kyats in million

	Note	March 31, 2023	March 31, 2022
ASSETS			
Cash and cash equivalents	8	760,695.1	550,299.9
Placement with other financial institutions	9	153,200.0	167,132.0
Investment securities	10	2,019,555.0	2,319,285.3
Loan and advances	11	3,213,383.9	2,944,409.8
Bills receivable		14,458.0	77,215.5
Other assets	12	222,665.7	137,086.1
Investment property	13	3,484.1	3,555.8
Property, plant and equipment	14	337,648.7	343,675.3
Right-of-use assets	15	18,322.4	24,897.6
Intangible assets	16	13,524.1	15,107.3
Total Assets		6,756,936.9	6,582,664.6
LIABILITIES			
Borrowing from banks	17	86,783.7	300,000.0
Deposits from banks	18	21,356.2	23,250.9
Deposits from customers	19	6,064,150.9	5,565,462.4
Repurchase agreement	20	-	100,617.2
Other liabilities	21	135,598.1	176,615.1
Lease liabilities	22	6,015.6	11,395.9
Subordinated Debt	23	84,000.0	71,120.0
Total Liabilities		6,397,904.5	6,248,461.4
EQUITY			
Share capital	24	140,009.0	140,000.0
Reserves	25	104,156.9	116,656.9
Retained earnings		114,866.5	77,546.2
Total Equity		359,032.4	334,203.1
Total Liabilities and Equity		6,756,936.9	6,582,664.6
OFF-BALANCE SHEET			
Contingent liabilities	26	67,626.1	242,745.9
Commitments	27	210,135.8	142,615.2

The accompanying notes forms part of the financial statements

On behalf of the Board of Directors,



Myint Zaw
Chief Executive Officer
AYA Bank PCL



Than Zaw
Vice Chairman
AYA Bank PCL



Khin Saw Oo
Executive Chairman
AYA Bank PCL

Date: August 15, 2023


AYEYARWADY BANK LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For The Year Ended March 31, 2023


<i>Kyats in million</i>	Note	April 1, 2022 to March 31, 2023	October 1, 2021 to March 31, 2022
Interest income	28	483,072.2	246,646.3
Interest expense	28	(355,576.0)	(171,601.9)
Net interest income		127,496.2	75,044.4
Fee and commission income	29	86,443.2	23,161.6
Fee and commission expense	29	(21,302.7)	(504.6)
Other income/(expense)	30	8,182.7	2,652.6
Net non-interest income		73,323.2	25,309.6
Total income		200,819.4	100,354.0
General and administration expenses	31	(83,841.9)	(35,222.0)
Operating lease expenses	32	(207.9)	(162.4)
Depreciation and amortisation	14/15/16	(24,007.4)	(12,749.1)
Other operating expenses	33	(11,485.5)	(2,101.1)
Specific Allowance	11	(16,265.1)	(9,594.3)
2 % general loan loss provision		-	-
Total expenses		(135,807.7)	(59,828.9)
Profit before tax		65,011.8	40,525.1
Income tax expense	34	(15,286.8)	(8,773.7)
Net profit for the year/period representing and total comprehensive income for the year/period representing		49,725.0	31,751.5

The accompanying notes forms part of the financial statements.


On behalf of the Board of Directors,



Myint Zaw
Chief Executive Officer
AYA Bank PCL



Than Zaw
Vice Chairman
AYA Bank PCL



Khin Saw Oo
Executive Chairman
AYA Bank PCL

Date: August 15, 2023

AYEYARWADY BANK LIMITED

**STATEMENT OF CHANGES IN EQUITY
For The Year Ended March 31, 2023**

Kyats in million

	Note	Share Capital	Reserves	Retained Earnings	Total
Balance at October 01, 2021 (IFRS)		140,000.0	108,711.8	53,739.9	302,451.7
Issued shares	24	-	-	-	-
Total comprehensive income for the year		-	-	31,780.4	31,780.4
Prior Year Adjustments		-	-	-	-
Transfer to Statutory Reserves	25	-	7,945.1	(7,945.1)	-
Transfer to General Reserves	25	-	-	-	-
Adjustment for IFRS-16 Leasing & IFRS 9 Financial assets		-	-	(28.9)	(28.9)
Balance at March 31, 2022		140,000.0	116,656.9	77,546.2	334,203.1
Issued shares	24	9.0	-	-	9.0
Total comprehensive income for the year		-	-	49,618.7	49,618.7
Prior Year Adjustments		-	-	-	-
Transfer to Statutory Reserves	25	-	12,404.7	(12,404.7)	-
Transfer to General Reserves	25	-	(24,904.7)	-	(24,904.7)
Adjustment for IFRS-16 Leasing, IFRS 9 Financial assets & IAS 40 - Investment property		-	-	-	-
Balance at March 31, 2023		140,009.0	104,156.8	114,866.5	359,032.4

The accompanying notes form part of the financial statements.

On behalf of the Board of Directors,



Myint Zaw
Chief Executive Officer
AYA Bank PCL



Thant Zaw
Vice Chairman
AYA Bank PCL



Khin Saw Oo
Executive Chairman
AYA Bank PCL

Date: August 15, 2023

AYEYARWADY BANK LIMITED
STATEMENT OF CASH FLOWS
For The Year Ended March 31, 2023

Kyats in million

Cash flows from operating activities

Profit before tax

Adjustment for:

- Depreciation of investment property
- Depreciation of property, plant and equipment
- Depreciation of right-of-use assets
- Amortization of intangible assets
- Adjustment of property, plant and equipment
- Adjustment of investment property
- Adjustment of intangible assets
- Subordinated debt
- Specific allowance / (Specific provision)
- Effects of fixed assets written off
- Loss/(Gain) on disposal of property, plant and equipment

Note

**April 1, 2022 to
March 31, 2023**

**October 1, 2021 to
March 31, 2022**

65,011.8

40,525.1

71.7

11.3

12,548.1

8,470.2

6,102.7

2,477.8

5,284.8

1,789.7

-

(2,223.8)

-

2,223.8

124.4

-

12,880.0

(5,964.0)

16,265.1

9,594.3

16.3

1.0

1,151.9

(135.2)

119,456.8

56,770.4

Changes in

- Cash and balances with central bank / related corporations - restricted
- Adjustment Cash and balances with central bank with restricted
- Placement with Private Bank
- Investment securities
- Loan and advances
- Bill receivables
- Other assets
- Investment property
- Deposit from banks
- Deposit from customers
- Repurchase agreement
- Other liabilities

(3,897.4)

62,362.0

-

(8,461.7)

13,932.0

(163,132.0)

299,730.3

339,410.9

(285,239.1)

70,349.4

62,757.5

9,629.1

(73,355.6)

(2,839.4)

-

(1,361.9)

(1,894.7)

(15,504.6)

498,688.5

(677,973.9)

(100,617.2)

100,617.2

(81,467.5)

14,384.2

448,093.6

(215,750.3)

(11,965.0)

(6,995.0)

436,128.6

(222,745.3)

Income tax paid

Net cash from operating activities

Cash flows from investing activities

- Acquisition of property, plant and equipment
- Acquisition of right-of-use assets
- Acquisition of intangible assets
- Proceeds from disposal of PPE

(10,255.3)

(11,901.8)

472.4

(1,809.2)

(3,826.1)

(1,161.3)

2,565.6

491.0

(11,043.3)

(14,381.3)

Net cash used in investing activities

Cash flows from financing activities

- Repayment of lease liabilities
- Issue of Share Capital
- Borrowing from Banks

(5,380.3)

(589.1)

9.0

-

(213,216.3)

30,000.0

(218,587.6)

29,410.9

Net cash used in financing activities

Net increase in cash and cash equivalents

Cash and cash equivalents at beginning of the year

378,984.2

586,699.9

**Cash and cash equivalents at end of the year
(Note 8)**

585,481.9

378,984.2

The accompanying notes form part of the financial statements.

On behalf of the Board of Directors,



Myint Zaw
Chief Executive Officer
AYA Bank PCL



Than Zaw
Vice Chairman
AYA Bank PCL



Khin Saw Oo
Executive Chairman
AYA Bank PCL

Date: August 15, 2023

AYEYARWADY BANK PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

1. GENERAL

Ayeyarwady Bank Limited was a private limited company registered by Ministry of National Planning and Economic Development, Directorate of Investment and Company Administration by its Registration No. 110312156 (former Registration No. 397 of 2010-2011) incorporated on June 14, 2010. Ayeyarwady Bank Limited changed its type of company to Public Company Limited on December 30, 2022 with Directorate of Investment and Company Administration ("DICA") and it was approved by Central Bank of Myanmar ("CBM") as per CBM Letter No. မဗဘ/ဘဏ်စီစဉ်/ ၄၄/ (142/ 2023) dated March 9, 2023.

A Banking License No. MaPaBa/P-23/ (7) 2010 was issued on July 2, 2010 by the Central Bank of Myanmar ("CBM") to perform the functions initially restricted to item (a), (b), (h) and (i) of Section 25 of The Financial Institutions of Myanmar Law (1990) with provision that any additional functions will have to be applied for and approved in advance by the CBM.

The Bank was granted an Authorized Dealer Licence No. CBM, FE MD (77/2011) dated November 25, 2011. The Bank can therefore provide all banking services and transactions in both local and foreign currencies at the same time.

Pursuant to the enactment of the Financial Institutions Law in January 2016 ("FIL 2016"), the CBM issued Instruction 6/2016 dated June 30, 2016, directing all banks to surrender their licenses under Section 176, and to apply for a new one under Section 11 of the FIL2016.

As directed by the CBM, the Bank also surrendered the license mentioned in paragraphs above and simultaneously reapplied for the new license under FIL2016. The new license number MA BA BA / PA BA (R)-13/08/2016 was issued under FIL2016 on August 24, 2016. The new license for Commercial Banking Business is unconditional and more wide-ranging than the license surrendered by the Bank.

The Bank had established two hundred and sixty-five (265) branches across the country as of March 31, 2022. The Bank has closed 3 mini branches and they are merged with main branches in the current financial year. As at March 31, 2023, the Bank has maintained two hundred and sixty-two (262) branches across the country.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements are prepared to assist the Bank in complying with the financial reporting provisions required by its shareholders and business partners. The financial statements have been prepared in accordance with the provisions of Myanmar Companies Law (the "Law") and the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). In case of IFRS 9 Financial Instruments: Impairment of Financial Assets, the Bank continues to apply International Accounting Standards 39, Financial Instruments: Recognition and Measurement with loan loss provisioning modified by the Central Bank of Myanmar ("CBM") Notification No. 17/2017, Asset Classification and Provisioning Regulations, and CBM Instruction Letter No. MaBaBa/MP/FIR/(154/2020) dated May 5, 2020 to all financial institutions for extension period till August 31, 2023 for full compliance and the Section 39 of Financial Institution Law ("FIL") 2016.

2.2 Basis of preparation of financial statements

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of preparation of financial statements (cont'd)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 New and revised IFRS Issued but not yet effective

The Bank has not applied the following relevant and new revised IFRSs that have been issued but not effective as at the reporting date:

Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IFRSs	Annual Improvements to IFRSs 2015 to 2017 Cycle
IFRIC 23	Uncertainty over Income Tax Payments
IAS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an investor and its Associates or Joint Venture (amendments)
Amendments to IFRS 3	Definition of a business
Amendments to IAS 1 and IAS 8	Definition of material
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

Effective for annual periods beginning on or after January 1, 2020

The management anticipates that the adoption of the above IFRSs in future periods will not have a material impact on the financial statements on the Bank in the period of their initial adoption except for the following:

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the Impact of policyholders' options and guarantees.

The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. An exposure draft

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 New and revised IFRS Issued but not yet effective (cont'd)

amendments to IFRS 17 addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1 January 2022. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

IFRS 10 and IAS 28 (Amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Bank's financial statements in future periods should such transactions arise.

Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 New and revised IFRS Issued but not yet effective (cont'd)

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASB Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

2.4 Financial instruments

Financial assets and financial liabilities are recognised in the Bank's statement of financial position when the Bank becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.5 Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.5.1 Amortised cost

Financial assets are measured at amortised cost if the financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. Gains and/or losses are recognised in profit or loss upon derecognition, reclassification or Impairment, and through the amortisation process. Interest Income calculated using the effective interest method is recognised in profit or loss. A modification gain or loss is recognised in profit or loss when the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset.

Financial assets measured at amortised cost are classified as current assets, except for those having maturity later than 12 months after the reporting date which are classified as non-current.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Financial Assets (cont'd)

2.5.2 Fair Value Through Other Comprehensive Income (FVOCI)

Assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and for selling the financial assets, where those cash flows represent SPPI, are measured at FVOCI. Subsequent to initial recognition, financial assets at FVOCI are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses and interest income are recognized in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

2.5.3 Fair Value Through Profit or Loss (FVTPL)

Financial assets measured at FVTPL are financial assets that do not meet the criteria for amortised cost or FVOCI. On initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

2.5.4 Debt Instruments

Debt instruments are those instruments that meet the definition of financial liability from the issuers' perspective. The classification and subsequent measurement of debt instruments depend on the Bank's business model for managing the asset and the contractual cash flow characteristics of the asset.

2.5.5 Equity Instruments

Equity instruments are financial assets that meet the definition of equity, that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest. The Bank subsequently measures all equity instruments at FVTPL, except where the Bank has elected, at initial recognition, to irrevocably designate an equity instrument at FVOCI. When the election to FVOCI is made, fair value gains or losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, including on disposal. Dividend representing the returns on such investments, continues to be recognised in profit or loss when the Bank's right to receive such payments is established.

2.5.6 Impairment of financial assets

From April 1, 2018, the Bank continues to apply International Accounting Standards 39, Financial Instruments: Recognition and Measurement with loan loss provisioning modified by the Central Bank of Myanmar ("CBM") Notification No. 17/2017, Asset Classification and Provisioning Regulations, and the Section 39 of Financial Institution Law ("FIL") 2016.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected, and an impairment loss recognised.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Financial Assets (cont'd)

2.5.6 Impairment of financial assets (cont'd)

Objective evidence of Impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in Interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the Impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the Impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans and advances, where the carrying amount is reduced through the use of an allowance account. When a loans and advances is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Credit quality - Classification of loans and advances, specific provisions and general provisions

Classification of loans and advances

The Bank categorises its loans and advance in accordance to IFRS 7 Financial Instruments: Disclosures to be categorised into "impaired", "past due but not impaired" and "current, standard and not impaired". Past due loans refer to loans that are overdue by one day or more. Impaired loans are non-performing loans with specific allowances made.

Furthermore, the Bank also categorises their loans past due in accordance with CBM Notification No. 17/2017 Asset Classification and Provisioning Regulations.

The Bank categorises its loans and advances in accordance with CBM's regulation No. 17/2017 on Loan Grading and Provisioning. In addition, loans and advances are required under IFRS 7 to be categorised into "impaired", "past due but not impaired" and "current, standard and not impaired". Past due loans refer to loans that are overdue by one day or more. Impaired loans are non-performing loans with specific allowances made.

(i) Performing loans

Current and Standard grades indicate that the timely repayment of the outstanding credit facilities is not in doubt and the credit facility does not exhibit any potential weakness in repayment capability, business, cash flow or financial position of the borrower.

Watch grade indicates that the borrower exhibits potential weaknesses that, if not corrected in a timely manner, may affect future repayments and warrant close attention by the Bank.

Sub-standard grade indicates that the credit facilities exhibit definable weaknesses either in respect of business, cash flow or financial position of the borrower that may jeopardize repayment on existing terms.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Financial Assets (cont'd)

2.5.6 Impairment of financial assets (cont'd)

(ii) Non-performing loans

In accordance with CBM Notification No. 17/2017 *Asset Classification and Provisioning Regulations*, "non-performing" means a loan or advance that is no longer generating income and which is classified as doubtful or loss.

In determining if the loan is non-performing, management also considers several factors such as expected future cash flows, the financial ability of the borrower to meet its obligations, and business and economic conditions.

Doubtful grade indicates that the credit facilities exhibit severe weaknesses such that the prospect of full recovery of the outstanding credit facilities is questionable and the prospect of a loss is high, but the exact amount remains undeterminable.

Loss grade indicates the amount of loan recovery is assessed to be insignificant. As per the CBM's Instruction, all loans with repayments over 180 days past due are classified as "Loss".

Specific Provisions

The Bank makes specific provision for impairment of loans and advances and other assets on and off-balance sheet in accordance with CBM Notification No. 17/2017 *Asset Classification and Provisioning Regulations*.

Classification of loans and advances	Days past due	Provisions on shortfall in security value
Current and Standard	30 days past due	0%
Watch	31 to 60 days past due	5%
Substandard	61 to 90 days past due	25%
Doubtful	91 to 180 days past due	50%
Loss	Over 180 days past due	100%

The specific provision shall be recorded in the Bank's accounts and charged to the profit and loss account in the month in which it occurs and shall not be spread over future periods. The Bank can however stagger the shortfall in the specific provisioning in equal amounts over a period of three years from the date of the Notification as prescribed in CBM Notification No. 17/2017 *Assets Classification and Provisioning Regulations*, and CBM Instruction Letter No. MaBaBa /MP /FIR/ (154/2020) dated May 5, 2020 to all financial institutions for extension period till August 31, 2023 for full compliance.

Collaterals and credit enhancements are disclosed in Note 5.1.1.1.

General Provisions

Banks are required to maintain general loan loss reserve by making general loan provision up to 2% (March 2022: 2%) of total outstanding of loans and advances in accordance to CBM Notification No. 17/2017, *Assets Classification and Provisioning Regulations* and Letter No.2621/ Ka Ka (1)/3/507/2018-2019 dated May 10, 2019 to charge as expense in the statement of profit or loss and other comprehensive income.

2.5.7 Derecognition of financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial liabilities and equity instruments

2.6.1 Classification as debt or equity

Debt and equity instruments issued by the Bank are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.6.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Bank are recognised at the proceeds received, net of direct issue costs. Repurchase of the Bank's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Bank's own equity instruments.

2.7 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Bank, are measured in accordance with the specific accounting policies set out below.

2.7.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial liabilities (Cont'd)

2.7.1 Financial liabilities at FVTPL (cont'd)

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other income' and 'other expenses' line item in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Bank that are designated by the Bank as at FVTPL are recognised in profit or loss. Fair value is determined in the manner described financial liabilities measured subsequently at amortised cost. Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating Interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (Including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

2.7.2 Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it Incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

2.7.3 Derecognition of financial liabilities

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Bank exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Bank accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between:

- (1) the carrying amount of the liability before the modification; and
- (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Revenue recognition

2.8.1 Interest income and expense

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments "at Fair Value Through Profit or Loss".

In accordance to the CBM Notification No. 17/2017 *Assets Classification and Provisioning Regulations*, all interest income from non-performing loans is suspended under Loans and advances (Note 11) and shall only be recognized as income when the interest has been collected by the Bank.

2.8.2 Fees and commission income

The Bank's fee and commission income includes six types of fees and commission Income as follows and the assessment for each type of fee and commission income will be based on the five steps mentioned above.

- Service charges
- Exchange fees
- Commission fees
- Commitment fees
- Default fees
- SWIFT & Telex charges

Income is earned from a diverse range of services provided by the Bank to its customers. Fee income is accounted for as follows:

- Income earned on the execution of a significant act is recognised as revenue when the act is completed (for example, commission arising from issuance of Payment Orders, Telegraphic Transfer and remittance and other services);
- income earned from the provision of financial facilities to customers is recognised as revenue as the services are provided (for example, default fees on loans, service charges and commitment fee for loans overdrafts), usually on a time - apportion basis as per the contracts.

The application of the requirements new IFRS 15 Revenue from contracts with customers has not resulted in the difference in recognition of fees and commission income of the Bank as IFRS 15 Revenue from contracts with customers requires satisfaction of performance obligation, and there is no change in recognition method upon adoption of IFRS 15.

2.9 Leasing

The Bank has adopted IFRS 16 with an initial application of 1 January 2019 and applied the full retrospective approach for transition to IFRS 16. Right-of-use assets and liabilities will be measured at the same amount, taking into consideration prepayments and accruals recognized as at each financial year.

The Bank has elected to apply the practical expedients not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Leasing (cont'd)

The Bank as a lessee

The Bank assesses whether a contract is or contains a lease at inception of a contract. At the date of initial application for leases previously classified as an operating lease applying MAS 17, the Bank shall choose, on a lease by lease basis, to measure at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Bank incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under MAS 37.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. In estimating the lease liability and the corresponding right-of-use asset, the Bank considers the non-cancellable period, extension and termination options, rent free periods and estimated reinstatement cost. The extension and termination options are included in the lease term when it is reasonably certain to be exercised. The discount rate used to compute the present value of the lease payments in deriving the lease liability was estimated using the Bank's incremental borrowing rate which is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use-asset in a similar economic environment.

Leases under MAS 17 (adopted prior to 1 January 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Operating lease — as a lessee

Operating lease payments are recognized as an operating expense in statement of income on a straight-line basis over the lease term.

2.10 Foreign currencies

The financial statements of the Bank are measured and presented in the currency of the primary economic environment in which the Bank operates (its functional currency). The functional currency of the Bank is assessed to be the Myanmar Kyat by management.

In preparing the financial statements for the Bank, transactions in currencies other than the Bank's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Employee benefits

2.11.1 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Bank in respect of services provided by employees up to the reporting date.

2.12 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.12.1 Current tax

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Bank's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current tax is recognised as an expense or income in profit or loss.

2.12.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.12.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Property, Plant and equipment

Properties in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Bank's accounting policy. Such properties are classified and included in the respective categories of property, plant and equipment. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Buildings, fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

• Buildings	50 years
• Leasehold improvements	Over period of the lease
• Office machine and other equipment	10 years
• Furniture, fixtures and fittings	10 years
• Electrical equipment and computer accessories	5 years
• Motor vehicles	10 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The estimated useful lives, residual values and depreciation method are reviewed at end of each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

2.14 Intangible Assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised on a straight-line basis over their estimated useful life of 5 years or licencing period. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.15 Investment Properties

Investment properties include office building, commercial units, a shopping centre and retail stores that are held for long-term rental yields and/or capital appreciation. Investment properties are initially recognised at cost and subsequently carried at carrying value. Depreciation is computed annually and recognized in profit or loss. Investment properties are subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The costs of maintenance, repairs, and minor improvements are recognised in profit or loss when they are incurred. On the disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the statement of profit or loss.

2.16 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Bank reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Impairment of tangible and intangible assets other than goodwill (cont'd)

cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.17 Repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognized from the statement of financial position as the Bank retains substantially all the risk and rewards of ownership. The corresponding cash received is recognized in the statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within 'repurchase agreements'. Reflecting the transaction's economic substance as a loan to the bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the effective interest rate.

Conversely, securities purchased under agreements to resell at a specified future date are not recognized in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position within 'repurchase agreements', reflecting the transaction's economic substance as a loan by the Bank. The difference between the purchase and resale prices is treated as interest income and is accrued over the life of agreement using the effective interest rate.

2.18 Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that the Bank will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Bank's accounting policies, which are described in Note 2, the directors of the Bank are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies

In the process of applying the Bank's accounting policies, which are described in Note 2 to the financial statements, the management did not make any critical judgements that have a significant effect on the amount recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment losses on loans and advances

The Bank reviews individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the income statement. The Bank recognizes an impairment loss equivalent to the security shortfall of each individual loan, in accordance with the requirement under the CBM Notification No. 17/2017, *Asset Classification and Provisioning Regulations* including its annexure on the criteria for the valuation of security and collateral and the impairment methodology is disclosed in more detail in Note 2.4.6 and CBM Instruction Letter No.MaBaBa/MP/FIR/(154/2020) dated May 5, 2020 to all financial institutions for extension period till August 31, 2023 for full compliance.

A loan is impaired when there is objective evidence that events since the loan was granted, have affected expected cash flows from the loan. The impairment loss is the difference between the carrying value of the loan and the present value of estimated future cash flows at the loan's original effective interest rate. The Bank reviews its loans and advances to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in profit or loss, management exercises judgement on whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the loan before the decrease can be identified within an individual loan.

All impaired loans that exceed specific thresholds are individually assessed for impairment. Impairment losses are recognized in line with its internal policy on determining impaired loans as set out in Note 2.5.6. These estimates take into account the customer's debt capacity and financial flexibility; the amount and sources of cash flows; and the realisable value of any security held. Estimating the quantum and timing of future recoveries involves significant judgement. The size of receipts will depend on the future performance of the borrower and the value of security, both of which will be affected by future economic conditions. Additionally, collateral may not be readily marketable. The actual amount of future cash flows and the date they are received may differ from these estimates. Consequently, actual losses incurred may differ from those recognised in these financial statements.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

3.2 Key sources of estimation uncertainty (Cont'd)

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of Note 2.6). The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed. The Bank monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to reclassification of those assets.

Useful life of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets with finite useful lives are depreciated and amortised over their useful lives, using the straight-line method. Management estimates the useful lives of property, plant and equipment and intangible assets based on expected usage and industry norms. Changes in the expected level of maintenance, usage and technological developments could impact the useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Uncertain tax positions

The Bank is subject to income taxes in Myanmar. In determining income tax liabilities, management is required to estimate the amount of 2% general loan loss provision and the deductibility of certain expenses ("uncertain tax positions"). There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Bank recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the Bank makes adjustment for such differences in the income tax of the period in which such determination is made.

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4. FINANCIAL INSTRUMENTS

4.1 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period.

<i>Kyats in million</i>	March 31, 2023	March 31, 2022
Financial assets		
Loans and receivables:		
Cash and cash equivalents	760,695.1	550,299.9
Placement with other financial institutions	153,200.0	167,132.0
Held-to-maturity investments		
Government securities	2,017,161.4	2,316,891.7
Available-for-sale financial assets		
Unquoted equity share	2,393.5	2,393.6
Loan and advances, net	3,213,383.9	2,944,409.8
Bills receivable	14,458.0	77,215.5
Other assets	159,940.3	77,276.1
	6,321,232.2	6,135,618.6
Financial liabilities		
At amortised cost:		
Borrowing from banks	86,783.7	300,000.0
Deposit from banks	21,356.2	23,250.9
Deposit from customers	6,064,150.9	5,565,462.4
Repurchase agreement	-	100,617.2
Other liabilities	110,490.5	141,089.0
Subordinated debt	84,000.0	71,120.0
Lease liabilities	6,015.6	11,395.9
	6,372,796.9	6,212,935.3

4.2 Fair value of financial assets and liabilities

Financial instruments comprise financial assets and financial liabilities. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

As at the end of each reporting period, the Bank did not hold any financial instruments which are measured at fair value on a recurring basis. The unquoted equity investments classified as available-for-sale, are carried at cost, less impairment because the fair value cannot be reliably estimated using valuation techniques supported by observable market data determined.

Except for long term Government treasury bonds which are classified as held-to-maturity, management considers that the carrying amounts of the financial assets and liabilities of the Bank recorded as amortised cost in the financial statements approximates their fair value, due to the relative short-term maturity of those financial instruments.

As quoted prices are not available from active markets, the fair value of the Government treasury bonds was determined using a discounted cash flow method, based on the contractual cash flows and current coupon rates as at the end of each reporting period. As at the end of the financial year, these instruments which are recorded at amortised cost approximates the fair value.

5. FINANCIAL RISK MANAGEMENT

The Bank's activities are principally related to extending loans and advances, accepting deposits and carrying out transactions. These expose the Bank to a variety of financial risks, including foreign exchange risk, interest rate risk, credit risk and liquidity risk.

Managing these financial risks forms an integral part of the Bank's business. The Bank adopts the risk management set out in accordance to the risk appetite of the Bank, which encompass a variety of controls and reporting processes. These not only include risk parameters for the various financial instruments that the Bank may undertake, but also directions on the types of business that the Bank may engage in, guidelines for the acceptance of customers for all types of financial instruments and terms under which customer business is conducted.

The Bank believes that it has effective processes in place to identify, measure, monitor and ultimately, mitigate these financial risks.

A discussion on the main financial risks that the Bank is exposed to and how these risks are managed, is set out below.

5.1 Credit Risk

Credit risk is considered to be the risk of loss due to inability or unwillingness of the counterparty to fulfil its payment obligations to the Bank. Management has a credit policy in place. The Bank generally holds full collaterals against the credit facilities granted and the right to dispose of the collaterals when certain exposure thresholds are exceeded. The Bank generally only accepts land and buildings as collaterals, with other types of collaterals such as golds and machineries making up the minority of the population of collateral held. Credit evaluations to derive the Bank's risk exposures according to internal policies are performed on all clients at the inception of the loans and at loan roll over dates.

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for loans and advances, which is a common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances include charges over land and buildings, gold, equipment, contract financing, guarantees, project contracting and residential properties.

All credit lending to non-bank customers is generally secured. In addition, in order to minimise credit loss, the Bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

The fair value of collateral is valued by an independent assessor is based on valuation techniques commonly used for the corresponding assets, done before the inception of the loan. Loans are usually given between the margins of 30% to 70% of the Forced Sale Value, which is also independently estimated. There is periodic revaluation of the collaterals in subsequent periods and at the renewal/roll-over of a loan, the customer is questioned about any changes to the collateral at which point the need for a reappraisal will be decided.

The credit risk management and control are centralized with the Credit Committee, which reports to the Board of Directors on a monthly basis. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate

The Bank's policy requires the review of individual credit facility on a periodic basis or when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss on a case-by-case basis and subject to the approval of Credit Committee.

AYEYARWADY BANK PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.1 Credit Risk (cont'd)

5.1.1 *Maximum exposure to credit risk*

The following table presents the Bank's maximum exposure to credit risk at the end of the reporting period in respect of on-balance sheet and off-balance sheet financial instruments, without taking into account the value of any collateral or other security held, in the event the counterparties fail to perform their obligations. The maximum exposure to credit risk to on-balance sheet is the carrying amount of these instruments as reported in the statement of financial position. For contingent liabilities, the maximum exposure to credit risk is the maximum amount the Bank would have to pay if the obligations of the instruments issued are called upon. For commitments, the maximum exposure to credit risk is the full amount of undrawn credit facilities granted to customers.

<i>Kyats in million</i>	March 31, 2023	March 31, 2022
Cash and cash equivalents	463,565.3	325,069.9
Placement with other financial	153,200.0	167,132.0
Investment securities	2,019,554.9	2,319,285.3
Loan and advances	3,213,383.9	2,944,409.8
Bills receivable	14,458.0	77,215.5
Other assets	159,940.3	77,276.1
Investment property	3,484.1	3,555.8
	6,027,586.6	5,913,944.4
Off-Balance Sheet		
Contingent liabilities	67,626.1	242,745.9
Undrawn loan commitments	210,135.8	142,615.2
Total maximum exposure to credit risk	6,305,348.5	6,299,305.6

5.1.1.1 *Collateral and other credit enhancements*

In respect of the Bank's deposits with other banks, the Bank considers the exposure to credit risk to be low as these deposits are placed with credit-worthy financial institutions. The financial effect of collateral or credit enhancements obtained for Other Assets are not expected to be significant.

For the loans and advances granted by the Bank, the following types of collateral and credit enhancements are obtained, consistent with CBM Notification No. 17/2017 Annexure:

- Charges over land and buildings
- Charges over machines
- Mortgages over residential properties
- Gold
- Guarantees
- Charges over receivables

Where collaterals are repossessed, the Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale (Repossessed assets under the categories of other assets) at their fair value or fair value less cost to sell for non-financial assets at the repossession date in line with the Bank's policy.

As at March 31, 2023, 97.34% (March 31, 2022: 98%) of the carrying amount of loans and overdrafts as disclosed in note 11 are backed by tangible, realisable collateral and credit enhancements.

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NOTES TO THE FINANCIAL STATEMENTS
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5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.1 Credit Risk (cont'd)

5.1.2 Credit risk by industry

The following table sets out the Bank's Loan and Advances based on the exposure by industry as at the end of the reporting period:

<i>Kyats in million</i>	March 31, 2023	March 31, 2022
Agricultural	14,865.0	14,075.8
Construction	492,015.1	523,035.6
Livestock	25,886.8	21,978.3
Manufacturing	555,410.5	356,039.3
Service	655,352.9	605,677.6
Trading	1,122,091.8	1,074,649.0
Transportation	48,980.9	57,791.8
	2,914,603.1	2,653,247.4
General		
Hire Purchase	261,707.9	329,986.9
Staff Loans	3,337.7	1,982.4
IBD(Trade to overdraft)	76,334.3	129.7
Credit Cards to Customers	21,913.5	41,772.3
Others	15,769.3	9,497.1
	379,062.7	383,368.4
	3,293,665.8	3,036,615.8
Interest in suspense	(5,428.8)	(12,746.7)
Specific allowance	(74,853.1)	(79,459.3)
TOTAL	3,213,383.9	2,944,409.8

Credit quality of loans and advances

The Bank adopts an internally developed credit rating scale, which generally corresponds to the classification set out in the CBM Notification No. 17/2017 *Asset Classification and Provisioning Regulations* (Note 2.5.6). The following tables sets out the credit classification of the Bank's loans and advances as at March 31, 2023.

<i>Kyats in million</i>	March 31, 2023	March 31, 2022
Standard	2,547,684.7	1,935,553.3
Watch	32,812.9	28,662.2
Sub-standard	8,217.4	168,238.7
Doubtful	40,102.1	32,569.9
Loss	664,848.7	871,591.7
Interest in suspense	(5,428.8)	(12,746.7)
Less: Specific allowance	(74,853.1)	(79,459.3)
	3,213,383.9	2,944,409.8

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5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.1 Credit Risk (cont'd)

5.1.3 Credit quality of loans and advances (cont'd)

Details of specific allowances by collectability are as follows:

<i>Kyats in million</i>	March 31, 2023	March 31, 2022
Current and Standard	5.0	-
Watch	36.6	0.2
Sub-standard	76.0	-
Doubtful	220.3	278.7
Loss	74,515.2	79,180.4
Balance at end of the year	74,853.1	79,459.3

A reconciliation for the movement in specific allowance for impairment losses for the loans and advances is presented below.

<i>Kyats in million</i>	March 31, 2023	March 31, 2022
Balance at beginning of year/period	79,459.3	69,864.9
Specific allowance recognised in profit or loss	29,095.7	20,179.4
Write-back of specific allowance recognised in profit or loss	(11,619.1)	(10,585.1)
Write-off of specific allowance	(22,082.8)	-
Balance at end of year	74,853.1	79,459.3

The table below sets out information about the loans and advances held by the Bank required under IFRS 7 *Financial Instruments: Disclosures*:

<i>Kyats in million</i>	March 31, 2023	March 31, 2022
Current, Standard and not impaired	2,588,715.0	2,132,454.2
Past due but not impaired	704,950.8	904,161.6
Specific allowance	(74,853.1)	(79,459.3)
Interest in suspense	(5,428.8)	(12,746.7)
	3,213,383.9	2,944,409.8

Current, Standard and not impaired includes current loans with regular repayment and standard loans with repayment between 1 to 30 days. The past due loans and advances are not impaired as they are secured by tangible realizable collateral (referred to Note 5.1.1.1).

5.2 Liquidity Risk

Liquidity risk is the risk that the Bank is unable to meet its cash flows obligations when they are due, such as upon the maturity of deposits or arising from loan draw-downs.

It is unusual for any bank to completely match the maturity profile of its assets and liabilities since business transacted is often of different terms and of different types. Therefore, controlled mismatching of the maturities of assets and liabilities is fundamental to the management of liquidity of the Bank.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.2 Liquidity Risk (cont'd)

The objective of liquidity risk management is to ensure that the Bank has the ability to generate sufficient cash or its equivalents, in a timely and cost effectively manner, to meet its commitments as they fall due.

The management of liquidity risk is centralised in the Treasury Department who reports to the Management and Asset/Liability Committee ("ALCO"). ALCO meeting is held on a monthly basis or more frequently, as required, to oversee liquidity risk management of the Bank and is supplemented by a "Funds Meeting" which is held weekly in addition to any meetings called by the Executive Management on a need to basis. The Bank has in place Business Contingency Plan ("BCP") and Contingency Funding Plan ("CFP") which include disaster situation facing by the Bank. The BCP covers operational steps and procedure of how to handle money transactions during disaster situation, while the CFP covers steps required to measures to ensure any liquidity related issues are addressed. The BCP & CFP are formulated to meet all contingencies arising not only from the ordinary course of business but also on liquidity crisis situation.

As part of its liquidity risk management framework set by CBM regulations and the ALCO the Bank is required to maintain adequate liquid assets to manage its short-term liquidity. The Bank relies for its short-term liquidity on investments in government securities, borrowings from CBM, Repurchase Agreements ("Repo") of government securities and holding cash reserves. This serves to ensure full cash inflows are available to meet customer withdrawals upon maturity or earlier.

The Bank's liquidity ratios as of March 31, 2023 and March 31, 2022 were 48.85% and 48.39% respectively and hence more than 20% fixed by the CBM as per CBM Notification No. 19/2017 Liquidity Ratio.

5.2.1 Maturity analysis

The table below analyses the Bank's financial assets and liabilities on a contractual undiscounted cash flow basis, grouped based on the remaining contractual maturities as at the end of the reporting period. The adjustment column includes items which are part of the contractual undiscounted cash flows, such as interest payable or receivable, but are not included in the carrying amount of the financial instruments in the statement of financial position.

On a behavioral basis, the expected cash flows of some of these financial liabilities could vary significantly from the disclosures below. While deposits from customers are contractually on demand, these deposits have remained and are expected to remain relatively stable, and has been a source of long-term funding for the Bank, based on historical trends. Similarly, while undrawn loan commitments are contractually available on demand, these are not all expected to be drawn upon immediately, and, available at the discretion of the Bank which has the defector right to cancel the availability of the drawdown portion of loans.

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5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.2 Liquidity Risk (Cont'd)

Kyats in million

As at March 31, 2023

Assets	On demand or less than 3 months	3 months to 12 months	Over 1 year	No specific maturity	Adjustment	Total
Cash and cash equivalents	760,695.1	-	-	-	-	760,695.1
Placement with other financial institutions	130,660.5	23,607.5	-	-	(1,068.0)	153,200.0
Investment securities	105,811.3	185,451.3	2,065,196.3	2,393.6	(339,297.6)	2,019,554.9
Loan and advances	1,203,776.4	1,130,383.4	1,573,378.7	-	(694,154.7)	3,213,383.9
Bills receivable	14,458.0	-	-	-	-	14,458.0
Other assets	159,940.3	-	-	-	-	159,940.4
Investment property	-	-	-	3,484.1	-	3,484.1
	2,375,341.7	1,339,442.1	3,638,575.1	5,877.7	(1,034,520.2)	6,324,716.3
Liabilities						
Borrowing from banks	(87,269.9)	-	-	-	486.2	(86,783.7)
Deposits from banks	(21,356.2)	-	-	-	-	(21,356.2)
Deposits from customers	(4,731,918.6)	(1,487,336.1)	(253,646.4)	-	408,750.3	(6,064,150.9)
Repurchase agreement	-	-	-	-	-	-
Other liabilities	(108,711.6)	-	(1,778.9)	-	-	(110,490.5)
Lease liabilities	(56.1)	(680.3)	(5,279.1)	-	-	(6,015.6)
Subordinated debt	-	-	(84,000.0)	-	-	(84,000.0)
	(4,949,312.3)	(1,488,016.5)	(344,704.5)	-	409,236.4	(6,372,796.9)
On-Balance Sheet Liquidity Gap	(2,573,970.6)	(148,574.4)	3,293,870.6	5,877.7	(625,283.8)	(48,080.5)
Off-Balance Sheet						
Contingent liabilities	(32,301.3)	(27,733.3)	(7,591.6)	-	-	(67,626.1)
Commitments	(60,297.8)	(111,634.2)	(38,203.7)	-	-	(210,135.8)
Off-Balance Sheet Liquidity Gap	(92,599.1)	(139,367.5)	(45,795.3)	-	-	(277,761.9)
Net Liquidity Gap	(2,666,569.7)	(287,941.8)	3,248,075.3	5,877.7	(625,283.8)	(325,842.4)

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5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.2 Liquidity Risk (Cont'd)

Kyats in million

As at March 31, 2022

Assets	On demand or less than 3 months	3 months to 12 months	Over 1 year	No specific maturity	Adjustment	Total
Cash and cash equivalents	550,299.9	-	-	-	-	550,299.9
Placement with other financial institutions	49,830.5	117,591.1	-	-	(289.7)	167,132.0
Investment securities	54,989.2	670,597.3	2,005,947.7	2,393.6	(414,642.5)	2,319,285.2
Loan and advances	1,097,921.6	1,070,947.7	1,140,371.7	-	(364,831.1)	2,944,409.8
Bills receivable	77,215.5	-	-	-	-	77,215.5
Other assets	76,697.7	-	578.4	-	-	77,276.1
Investment property	-	-	3,555.8	-	-	3,555.8
	1,906,954.4	1,859,136.1	3,150,453.7	2,393.6	(779,763.3)	6,139,174.4
Liabilities						
Borrowing from banks	(305,293.2)	-	-	-	5,293.2	(300,000.0)
Deposits from banks	(23,250.9)	-	-	-	-	(23,250.9)
Deposits from customers	(4,415,414.5)	(1,117,008.8)	(359,420.4)	-	326,381.3	(5,565,462.4)
Repurchase agreement	(101,136.8)	-	-	-	546.3	(100,590.5)
Other liabilities	(139,599.1)	-	(1,489.9)	-	-	(141,089.0)
Lease liabilities	(3.0)	(1,385.4)	(10,007.5)	-	-	(11,395.9)
Subordinated debt	-	-	(71,120.0)	-	-	(71,120.0)
	(4,984,697.4)	(1,118,394.2)	(442,037.8)	-	332,220.8	(6,212,908.6)
On-Balance Sheet Liquidity Gap	(3,077,743.1)	740,742.0	2,708,415.9	2,393.6	(447,542.5)	(73,734.2)
Off-Balance Sheet						
Contingent liabilities	(194,764.8)	(43,351.3)	(4,629.8)	-	-	(242,745.9)
Commitments	(49,994.1)	(69,835.7)	(22,785.4)	-	-	(142,615.2)
Off-Balance Sheet Liquidity Gap	(244,758.9)	(113,187.0)	(27,415.2)	-	-	(385,361.1)
Net Liquidity Gap	(3,322,501.9)	627,554.9	2,681,000.7	2,393.6	(447,542.5)	(459,095.3)

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.3 Interest Rate Risk

Sensitivity to interest rates in banking activities arises from mismatches in the interest rate characteristics of the assets and their corresponding liability funding. One of the major causes of these mismatches is timing differences in the repricing of the assets and the liabilities.

Financial instruments which are issued at fixed rates expose the Bank to fair value interest rate risk. However, changes in market interest rates will not have an impact on the statement of profit or loss and other comprehensive income as all financial instruments are accounted for on an amortised cost basis.

The interest rates charged or granted by the Bank are determined by a committee with oversight by Board of Directors. These interest rates are set within a band determined by the Central Bank of Myanmar. As of March 31, 2023, the interest rates on loans are subject to the following maximum caps:

- Loans and advances: 9% - 14.5 % per annum (Mar 2022: 10%-11 % per annum)
- Overdraft: 9 % per annum (Mar 2022: 9% per annum)

As at March 31, 2022, the interest rates on deposits are subject to the following minimums:

- Saving deposits: 6 % per annum (Mar 2022: 6 % per annum)
- Fixed deposits: 7% - 9.75 % per annum (Mar 2022: 7% -8.5% per annum)
- Call deposits: 7% - 9.75 % per annum (Mar 2022: 2% per annum)

The tables below summarises the Bank's exposure to interest rate repricing risks. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

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5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.3 Interest Rate Risk (cont'd)

<i>Kyats in million</i>	Weighted average interest rate (in %)	Within 3 months	3 months to 12 months	Over 1 year	Non-interest bearing	Total
As at March 31, 2023						
Assets						
Cash and cash equivalents	-	-	-	-	760,695.1	760,695.1
Placement with other financial institutions	5.04%	130,100.0	23,100.0	-	-	153,200.0
Investment securities	7.95%	102,848.4	175,000.0	1,739,313.1	2,393.6	2,019,555.0
Loan and advances	9.88%	1,125,422.8	990,585.0	1,097,376.0	-	3,213,383.9
Bills receivable	-	-	-	-	14,458.0	14,458.0
Other assets	-	-	-	-	159,937.9	159,937.9
Investment property	-	-	-	-	3,484.1	3,484.1
		1,358,371.2	1,188,685.0	2,836,689.1	940,968.6	6,324,713.8
Liabilities						
Borrowing from banks	5.74%	(86,783.7)	-	-	-	(86,783.7)
Deposits from banks	-	-	-	-	(21,356.2)	(21,356.2)
Deposits from customers	6.39%	(3,916,409.3)	(1,332,200.1)	(212,256.4)	(603,285.1)	(6,064,150.9)
Repurchase agreement	-	-	-	-	-	-
Other liabilities	-	(108,711.6)	-	(1,778.9)	-	(110,490.5)
Subordinated debt	3M LIBOR+300BPS	-	-	(84,000.0)	-	(84,000.0)
Lease liabilities	8.50%	(56.1)	(680.3)	(5,279.1)	-	(6,015.6)
		(4,111,960.7)	(1,332,880.4)	(303,314.5)	(624,641.3)	(6,372,796.9)
Net Interest Gap		(2,753,589.5)	(144,195.4)	2,533,374.5	316,329.8	(48,083.0)

AYEYARWADY BANK PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.3 Interest Rate Risk (cont'd)

<i>Kyats in million</i>	Weighted average interest rate (in %)	Within 3 months	3 months to 12 months	Over 1 year	Non-interest bearing	Total
As at March 30, 2022						
Assets						
Cash and cash equivalents	-	-	-	-	550,299.9	550,299.9
Placement with other financial institutions	9.87%	167,132.0	-	-	-	167,132.0
Investment securities	8.95%	53,899.9	640,000.0	1,622,991.8	2,393.6	2,319,285.2
Loan and advances	10.00%	1,039,750.8	953,202.1	951,456.9	-	2,944,409.8
Bills receivable	-	-	-	-	77,215.5	77,215.5
Other assets	-	-	-	-	77,276.1	77,276.1
Investment property	-	-	-	-	3,555.8	3,555.8
		1,260,782.7	1,593,202.1	2,574,448.7	710,740.9	6,139,174.4
Liabilities						
Borrowing from banks	7.00%	(300,000.0)	-	-	-	(300,000.0)
Deposits from banks	-	-	-	-	(23,250.9)	(23,250.9)
Deposits from customers	6.03%	(3,768,292.3)	(1,040,910.2)	(300,770.2)	(455,489.6)	(5,565,462.4)
Repurchase agreement	6.99%	(100,617.2)	-	-	-	(100,617.2)
Other liabilities	-	-	-	-	(141,089.0)	(141,089.0)
Subordinated debt	3M LIBOR+300BPS	-	-	(71,120.0)	-	(71,120.0)
Lease liabilities	8.5%	(3.0)	(1,385.4)	(10,007.5)	-	(11,395.9)
		(4,168,912.5)	(1,042,295.6)	(381,897.7)	(619,829.5)	(6,212,935.3)
Net Interest Gap		(2,908,129.8)	550,906.5	2,192,551.0	90,911.4	(73,760.9)

AYEYARWADY BANK PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.4 Currency risk

Currency risk is the potential adverse impact on the Bank's earnings and economic value due to currency rate movement. The Bank is exposed to currency risk in the spot foreign exchange markets. The Bank mitigates currency risk by attempting to square its Net Open Position on a daily basis through active trading as well as participating in CBM auctions of USD.

Kyats in million

As at March 31, 2023

Assets

	USD	EUR	SGD	Others	Total
Cash and cash equivalents	117,476.1	4,331.2	5,797.8	29,311.7	156,916.9
Placement with other financial institutions	136,500.0	-	-	-	136,500.0
Loan and advances	78,526.4	-	-	2,036.2	80,562.6
Bills receivable	315.0	-	-	-	315.0
Other assets	4,887.6	-	-	16.4	4,904.0
	337,705.2	4,331.2	5,797.8	31,364.3	379,198.6

Liabilities

Deposits from banks	(80,171.4)	-	-	(1,612.3)	(81,783.7)
Deposits from customers	(1,535.1)	(6.3)	(0.2)	-	(1,541.6)
Repurchase agreement	(114,299.1)	(1,797.0)	(179.1)	(1,567.7)	(117,843.0)
Other liabilities	(14,146.1)	(1,062.3)	(505.1)	(13.3)	(15,726.7)
Subordinated debt	(84,000.0)	-	-	-	(84,000.0)
	(294,151.7)	(2,865.6)	(684.3)	(3,193.3)	(300,894.9)

Net Currency Gap

	43,553.5	1,465.6	5,113.5	28,171.0	78,303.6
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AYEYARWADY BANK PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.4 Currency risk (cont'd)

<i>Kyats in million</i>						
As at March 31, 2022						
Assets		USD	EUR	SGD	Others	Total
Cash and cash equivalents		181,599.0	3,694.5	6,044.9	604.5	191,942.9
Placement with other financial institutions		167,132.0	-	-	-	167,132.0
Loan and advances		21,336.0	-	-	-	21,336.0
Bills receivable		20,293.6	-	-	-	20,293.6
Other assets		1,505.5	(4.6)	(0.5)	-	1,500.3
		391,866.1	3,689.9	6,044.4	604.5	402,204.8
Liabilities						
Deposits from banks		(5,737.6)	(5.5)	(0.1)	-	(5,743.2)
Deposits from customers		(222,545.3)	(3,908.3)	(535.4)	-	(226,989.0)
Other liabilities		(61,644.8)	(1,113.4)	(457.1)	-	(63,215.4)
Subordinated debt		(71,120.0)	-	-	-	(71,120.0)
		(361,047.7)	(5,027.2)	(992.6)	-	(367,067.5)
Net Currency Gap		30,818.4	(1,337.4)	5,051.8	604.5	36,137.3

AYEYARWADY BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.4 Currency risk (cont'd)

5.4.1 Currency sensitivity

The following table details the sensitivity to a change in the relevant foreign currencies against the functional currency of the Bank, Myanmar Kyat. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusted for their translation at the period end for the change in foreign currency rates below.

The following table sets out the increase (decrease) to the Bank's profit before income tax arising from a 10% appreciation of the relevant foreign currency against the functional currency of the Bank. A 10% depreciation will have the opposite impact to the Bank's profit before income tax.

<i>Kyats in million</i>	March 31, 2023	March 31, 2022
USD	4,355.4	3,081.8
EUR	146.6	(133.7)
SGD	511.4	505.2
Others	2,817.1	60.5

6. CAPITAL MANAGEMENT

The objectives of the Bank's capital management are to maintain an optimal level of capital, which is adequate to support business growth, commensurate with the Bank's risk profile and meet the regulatory requirements. The management of capital funds is centralised in the Treasury department and monitored daily by the Finance department.

The Bank has adopted the revised computation method in accordance to CBM Notification No. 16/2017 *Capital Adequacy Regulation (CAR)* issued on July 7, 2017, effective from the date of issuance. The revised computation of the capital adequacy ratios is based on the Bank's core capital and risk weighted assets. According to the new regulation, the Bank considers its core capital (Tier 1 capital) to include issued and paid-up capital, statutory reserves and retained earnings. Supplementary capital (Tier 2 capital) includes general loan loss reserves on credits. The Bank's risk weighted assets include loans and advances, all other assets and off-balance-sheet items.

As at March 31, 2023, the Bank reported a Tier 1 capital ratio of 8.15% (4% fixed by CBM) and capital adequacy ratio of 11.51% (8% fixed by CBM) based on the revised computation method stipulated by CBM.

7. RELATED PARTY TRANSACTIONS

The Bank's shareholders are disclosed in Note 24. U Zaw Zaw is the Major shareholder with 74% of total shares in the bank. The Bank is managed by nine members of Board of directors including three Independent Non-Executive Directors. The Bank's related parties are determined based on the CBM Directive 11/2019 dated March 25, 2019 and IAS 24 Related party disclosures.

AYEYARWADY BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended March 31, 2023

7. RELATED PARTY TRANSACTIONS (CONT'D)

7.1 Compensation of Key Management Personnel

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any director (whether executive or otherwise) of the Bank.

The following table sets out the compensation for Key Management Personnel of the Bank in exchange for services rendered to the Bank for the period they served during the year:

<i>Kyats in million</i>	April 01, 2022 to March 31, 2023	October 01, 2021 to March 31, 2022
Key Management's remuneration	4,305.2	1,913.7*

* Restated according to definition of key management.

7.2 Transactions with Related Parties

All related party transactions were made in the ordinary course of business on an arm's length basis. In addition to information disclosed elsewhere in the financial statements, the following table sets out other significant transactions and balances with related parties:

<i>Kyats in million</i>	April 01, 2022 to March 31, 2023	October 01, 2021 to March 31, 2022
Transactions with related parties during the financial year:		
Interest expenses paid/accrued	2,747.3	591.4
Other payments to related parties during the financial year:		
Payments for property, plant-and equipment	9,406.2	8,910.5
	March 31, 2023	March 31, 2022
Balances from related parties as at the end of financial year:		
Deposit held	7,478.8	4,319.5
Deposit for rental fees	3.0	-
Investment with related parties as at the end of financial year:		
AYA Trust Securities	1,500.0	1,500.0
Receivable from AYA Trust		
AYA Trust Securities	4,667.3	4,597.8
AYA SOMPO	105.4	-

AYEYARWADY BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023
8. CASH AND CASH EQUIVALENTS

<i>Kyats in million</i>	March 31, 2023	March 31, 2022
Cash on hand	297,129.8	225,230.0
Account with Central Bank of Myanmar	314,939.9	162,854.0
Account with foreign banks	114,767.7	156,335.9
Account with state-owned banks	1,679.5	4,431.4
Account with private and other banks	32,178.2	1,448.5
	760,695.1	550,299.9
Less: Cash and balances with central bank of Myanmar - restricted for 3% minimum reserve	(175,213.1)	(171,315.7) ^a
	585,481.9	378,984.2
Minimum reserve requirement		
<i>Kyats in million</i>	March 31, 2023	March 31, 2022
Myanmar Currency requirement		
Bank's deposit at Central Bank- CAB	140,988.1	120,231.3
Cash on hand	28,197.6	40,077.1
Total Myanmar currency	169,185.7	160,308.4
Foreign Currency requirement		
(As of March 31, 2023 USD 2,870,167.37 @ 2100, As of March 31, 2022 USD 6,190,852.13 @ 1778)	6,027.4	11,007.3
Total minimum reserve requirement	175,213.1 ^b	171,315.7 ^c

^a Restated according to minimum reserve requirement amount from The Central Bank of Myanmar ("CBM").

^b The Central Bank of Myanmar ("CBM") letter No.Mababai MP/FIR/ငွေကြေးမှတ်ပုံ 5/ 645/2022-2023 dated March 22, 2023.

^c The Central Bank of Myanmar ("CBM") letter No.Mababai MP/FIR/ငွေကြေးမှတ်ပုံ 5/ 298/2021-2022, dated March 23, 2022.

The Bank maintained Cash on Hand- Kyats 297,129.8 million, Account with central bank of Myanmar- CAB- Kyats 295,106.5 million and Account with central bank of Myanmar -United State Dollars 9.4 million, which was equivalent to Kyat 314,939.9 million in deposit at central bank (March 31, 2022: Cash on hand- Kyats 225,230.0 million , Account with central bank of Myanmar- CAB- Kyats 146,061.7 million and Account with Central Bank of Myanmar -United State Dollars 9.4 million, which was equivalent to Kyat 162,854.0 million in deposit account at Central Bank).

AYEYARWADY BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023
9. PLACEMENT WITH OTHER FINANCIAL INSTITUTIONS

<i>Kyats in million</i>	March 31, 2023	March 31, 2022
Placement with foreign banks	153,200.0	167,132.0
	153,200.0	167,132.0

10. INVESTMENT SECURITIES

<i>Kyats in million</i>	March 31, 2023	March 31, 2022
<u>Investment Securities</u>		
At amortised cost,		
- Government treasury bonds (Note 10.1)	1,959,187.4	2,316,891.7
- Government treasury bills	57,974.0	-
Investment Securities cost	2,017,161.4	2,316,891.7
<u>Unquoted equity shares</u>		
- Securities-AYA Trust Securities Co., Ltd	1,500.0	1,500.0
- Securities-Myanmar Payment Union PCL	200.0	200.0
- Securities-MB Investment Ltd	693.6	693.6
Unquoted equity shares at cost	2,393.6	2,393.6
	2,019,554.9	2,319,285.2

10.1 Government treasury bonds

Due to adoption application of IFRS 9, the following financial statement line items are affected.

<i>Kyats in million</i>	March 31, 2023	March 31, 2022
Reported balance	2,019,198.4	2,317,739.9
Adjustment for IFRS 9		
Prior year adjustment	-	49.2
Current year adjustment	(2,036.9)	(897.4)
Balance (IFRS)	2,017,161.4	2,316,891.7

The impact of the adoption of IFRS 9 on the full year of 2023 and half year of 2022 results are as follows:

<i>Kyats in million</i>	2023 MFRS	IFRS 9 impacts	2023 IFRS
Income statements			
Interest income (Note 28)	484,260.9	(1,188.8)	483,072.2
Income tax	(15,256.8)	261.5	14,995.3
Total comprehensive income for the year	49,618.7	(927.2)	48,691.5
Statement of financial position			
Investment securities	2,019,198.4	(2,037.0)	2,017,161.4
Other liabilities (Including deferred tax liabilities)	133,819.2	51.5	133,870.7
Retained earnings	121,878.7	(1,629.6)	120,249.1

AYEYARWADY BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023
10. INVESTMENT SECURITIES (CONT'D)
10.1 Government treasury bonds (cond't)
Kyats in million

	2022 MFRS	IFRS 9 impacts	2022 IFRs
Income statements			
Interest income (Note 28)	247,543.6	(897.4)	246,646.3
Total comprehensive income for the year	31,780.4	(897.4)	30,883.0
Statement of financial position			
Investment securities	2,317,739.9	(848.2)	2,316,891.7
Retained earnings	84,664.6	(702.3)	83,962.3

11. LOANS AND ADVANCES
Kyats in million

	March 31, 2023	March 31, 2022
Demand loans	2,468,122.6	2,262,332.9
Overdrafts	538,584.1	400,541.3
Hire purchase	261,707.9	329,986.9
Staff loans	3,337.7	1,982.4
Credit card receivables from customers	21,913.5	41,772.3
Interest in suspense (Credit Card Only)	(5,428.8)	(12,746.7)
Loans and advances, gross	3,288,237.0	3,023,869.1
Less: Specific allowance	(74,853.1)	(79,459.3)
Loans and advances, net	3,213,383.9	2,944,409.8

During the year, the Bank had provided the specific allowance amounting 16,265.1 million Kyats on the shortfall of collaterals based on CBM Notification No. 17/2017, *Assets Classification and Provisioning Regulations*, and CBM Instruction Letter No. MaBaBa/MP/FIR/ (154/2020) dated May 5, 2020 to all financial institutions for extension period till August 31, 2023 for full compliance.

12. OTHER ASSETS
Kyats in million

	March 31, 2023	March 31, 2022
Interest receivable	356,377.2	327,503.6
Interest in suspense	(188,411.1)	(176,908.0)
Interest in suspense (penalty fees only)	(105,767.9)	(85,662.8)
Prepayments	14,132.7	5,125.4
Advance tax (FY 2020-2021)	-	1,500.0
Advance tax (FY Mini 2022)	8,761.4	6,995.0
Advance tax (FY 2022-2023)	11,965.0	-
Foreclosed properties *	26,215.0	42,996.1
Other receivables	96,043.6	11,351.6
Stock	1,653.8	3,193.5
Receivable from credit card providers	858.6	413.2
Deferred tax assets	837.4	578.4
	222,665.7	137,086.1

*The Bank took possession of properties (land and buildings) which were held as security for defaulted loan with the intention for sale. The foreclosed properties were carried at the transacted price. There is no impairment requirement during the period for foreclosed properties.

AYEYARWADY BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

13. INVESTMENT PROPERTY

Kyats in million

Investment property

March 31, 2023

March 31, 2022

3,484.1

3,555.8

13.1 Investment property - Building

Kyats in million

Cost

Balance b/f

3,585.7

-

Addition

-

1,361.9

Transferred from PPE

-

2,223.8

Balance c/f

3,585.7

3,585.7

Accumulated depreciation

Balance b/f

(29.9)

-

Depreciation for the year

(71.7)

(11.3)

Transferred depreciation from PPE

-

(18.6)

Balance c/f

(101.6)

(29.9)

Accumulated impairment loss

Balance b/f

-

-

Impairment loss for the year

-

-

Balance c/f

-

-

Carrying amount

3,484.1

3,555.8

AYEYARWADY BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

14. PROPERTY, PLANT AND EQUIPMENT

Kyats in million

<u>Cost</u>	Land	Building	Office machine and other equipment	Furniture, fixtures and fittings	Electrical equipment and computer accessories	Motor vehicles	Total
Balance at October 1, 2021	165,174.8	166,708.3	34,827.7	6,619.8	51,739.0	12,068.2	437,137.9
Additions	5,184.1	4,488.5	3.8	63.6	1,874.2	287.8	11,901.8
Transfer to investment property	-	(2,223.8)	-	-	-	-	(2,223.8)
Disposals	-	-	-	-	-	(703.0)	(703.0)
Write offs	-	-	-	(1.7)	(34.0)	-	(35.7)
Reclassifications	-	-	-	-	-	-	-
Balance at March 31, 2022	170,358.8	168,972.9	34,831.5	6,681.7	53,579.2	11,653.0	446,077.2
Additions	1,000.8	5,754.5	82.8	288.3	2,604.8	524.0	10,255.3
Transfer adjustment for investment property	(546.0)	546.0	-	-	-	-	-
Disposals	(3,260.0)	-	-	(11.3)	(3.6)	(880.3)	(4,155.2)
Write offs	-	-	(57.0)	(45.4)	(254.6)	(47.8)	(404.9)
Reclassifications	-	-	-	-	-	-	-
Balance at March 31, 2023	167,553.7	175,273.5	34,857.3	6,913.2	55,925.7	11,248.8	451,772.2
Accumulated depreciation							
Balance at October 1, 2021	-	26,837.6	17,634.6	3,028.1	40,659.8	6,172.0	94,332.1
Depreciation for the year	-	2,069.1	1,724.4	340.4	3,749.4	586.9	8,470.2
Disposals	-	-	-	-	-	(347.2)	(347.2)
Write offs	-	-	-	(1.0)	(33.6)	-	(34.7)
Reclassifications	-	(18.5)	-	-	-	-	(18.5)
Balance at March 31, 2022	-	28,888.2	19,359.0	3,367.5	44,375.5	6,411.7	102,401.9
Depreciation for the year	-	3,449.6	3,356.6	655.0	4,016.5	1,070.3	12,548.1
Disposals	-	-	-	(9.5)	(2.2)	(426.0)	(437.7)
Write offs	-	-	(53.9)	(33.7)	(253.2)	(47.8)	(388.7)
Prior year adjustment	-	(0.1)	-	(0.1)	-	-	(0.2)
Balance at March 31, 2023	-	32,337.8	22,661.7	3,979.2	48,136.6	7,008.2	114,123.5
Carrying amount							
As at March 31, 2022	170,358.8	140,084.7	15,472.5	3,314.2	9,203.6	5,241.3	343,675.3
As at March 31, 2023	167,553.7	142,935.6	12,195.6	2,934.0	7,789.1	4,240.7	337,648.7

AYEYARWADY BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023
15. RIGHT-OF-USE ASSETS

Due to adoption of IFRS 16, the movement of the Right-Of-Use Assets is as follows:

Kyats in million

	March 31, 2023	March 31, 2022
Cost		
Opening	60,706.6	58,897.4
Adjustment & addition for IFRS 16	(472.4)	1,809.2
Balance (IFRS)	60,234.2	60,706.6
Accumulated depreciation		
Opening	35,809.0	33,331.2
Adjustment & addition for IFRS 16	6,102.7	2,477.8
Balance (IFRS)	41,911.7	35,809.0
Carrying amount	18,322.4	24,897.6

The Bank leases mainly land and buildings for its head office and branches.

The following financial statement line items are affected due to the impact of the adoption of IFRS 16 (on full year of 2023 and the half year of 2022) and the results are as follows:

Kyats in million

	2023 MFRS	IFRS 16 impacts	2023 IFRS
Income statements			
Amortisation (Including Depreciation and amortisation)	(17,916.0)	(6,102.7)	(24,018.7)
Finance cost (Including interest expenses)	(354,804.3)	(771.7)	(355,576.0)
Rental expenses (including Operating lease expenses)	(8,396.0)	8,188.1	(207.9)
Income tax expenses	(15,256.8)	(289.0)	(15,545.8)
Total comprehensive income for the year	49,618.7	1,024.6	50,643.4
Statement of financial position			
Right-of-use assets (Note 15)	-	60,234.2	60,234.2
Accumulated amortisation(Disclosed under Right- of -use assets (Note 15)	-	41,911.7	41,911.7
Lease liabilities (Note 22)	-	(6,015.6)	(6,015.6)
Other assets (including prepayment & deferred tax assets)(Note 12)	238,168.8	(15,962.0)	222,206.8
Other liabilities including deferred tax liabilities	(133,819.2)	(1,727.4)	(135,546.6)
Retained earnings	121,878.7	(5,382.6)	116,496.1

AYEYARWADY BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023
15. RIGHT-OF-USE ASSETS (CONT'D)
Kyats in million

	2022 MFRS	IFRS 16 impacts	2022 IFRS
Income statements			
Amortisation (Including Depreciation and amortisation)	(10,259.9)	(2,477.8)	(12,737.7)
Finance cost (Including interest expenses)	(171,173.2)	(428.7)	(171,601.9)
Rental expenses (including Operating lease expenses)	(3,940.6)	3,778.2	(162.4)
Income tax expenses	(8,781.8)	(191.8)	(8,973.6)
Total comprehensive income for the year	31,780.4	679.9	32,460.3
Statement of financial position			
Right-of-use assets (Note 15)	-	60,706.6	60,706.6
Accumulated amortisation(Disclosed under Right- of -use assets (Note 15)	-	(35,809.0)	(35,809.0)
Lease liabilities (Note 22)	-	(11,395.9)	(11,395.9)
Other assets (including prepayment & deferred tax assets)(Note 12)	155,356.7	(18,470.6)	136,886.2
Other liabilities including deferred tax liabilities (Note 21)	(175,125.2)	(1,438.4)	(176,563.5)
Retained earnings	84,664.6	(6,407.2)	78,257.4

16. INTANGIBLE ASSETS
Kyats in million
Software
Cost

Balance b/f

Additon

Current year adjustment

Balance c/f

Accumulated depreciation

Balance b/f

Depreciation for the year

Transferred depreciation from PPE

Balance c/f

Carrying amount
As at Mar 31, 2023
As at Mar 31, 2022

19,303.8	18,142.5
3,826.1	1,161.3
(124.4)	-
23,005.4	19,303.8
(4,196.5)	(2,406.9)
(5,284.8)	(1,789.7)
-	-
(9,481.4)	(4,196.5)
13,524.1	15,107.3

17. BORROWING FROM BANKS
Kyats in million
March 31, 2023
March 31, 2022

 Borrowing from CBM
 (Period:Jan-2023 to Jun-2023)

7%

Borrowing from Private Bank

65,783.7	300,000.0
21,000.0	-
86,783.7	300,000.0

AYEYARWADY BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023
18. DEPOSITS FROM BANKS

<i>Kyats in million</i>	March 31, 2023	March 31, 2022
Current deposits of state banks	15,507.3	16,060.7
Current deposits of foreign banks	4,724.6	4,809.6
Current deposits of private banks	1,124.3	2,380.7
	21,356.2	23,250.9

19. DEPOSITS FROM CUSTOMERS

<i>Kyats in million</i>	March 31, 2023	March 31, 2022
Saving deposits of customers	1,257,571.2	2,468,792.6
Fixed deposits of customers	1,945,516.8	1,634,221.7
Call deposits of customers	2,257,777.8	1,006,958.4
Current deposits of customers	603,285.1	455,489.6
	6,064,150.9	5,565,462.4

20. REPURCHASE AGREEMENTS

<i>Kyats in million</i>	March 31, 2023	March 31, 2022
Repurchase agreements (Borrowing from state bank) (6.5% p.a, Period 31.3.2022-29.4.2022)	-	100,617.2
	-	100,617.2

21. OTHER LIABILITIES

<i>Kyats in million</i>	March 31, 2023	March 31, 2022
Accrued interest payable	41,556.6	44,845.7
Sundry deposits	11,284.0	39,552.3
FE Equivalent Account	(3,662.0)	14,827.5
Payment order account	7,842.1	18,134.6
Card payables	19,486.8	15,984.5
2% General provision GLLR	24,904.7	-
Interbank borrowing money market	-	21,336.0
Income tax payable (Note 21.1)	24,732.0	13,793.8
Wages and salary payable	4,975.6	1,675.6
Unearned income	375.6	396.3
Sundry creditors	1,785.4	3,673.0
Unclaimed liabilities	538.4	905.8
Deferred tax liabilities (IFRS 9 & 16)	1,778.9	1,489.9
	135,598.1	176,615.1

AYEYARWADY BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended March 31, 2023

21.1 Income tax payable*

	March 31, 2023	March 31, 2022
Income tax payable (FY 2020-2021)	-	5,012.0
Income tax payable (FY Mini 2021-2022)	8,760.4	8,781.8
Income tax payable (FY 2022-2023)	15,971.6	-
	24,732.0	13,793.8

*As of March 31, 2023, the bank had paid income tax Kyats 8,761.4 million for FY 2021-22 and Kyats 11,965.0 for first three quarters of FY 2022-23, for a total of Kyat 20,726.4 (Note 12). The bank had paid Kyat 4,010 million for fourth quarter of FY 2022-23 as of April 30, 2023 and total amount paid for FY 2022-23 to Kyat 15,975.0 million.

22. LEASE LIABILITIES

Due to adoption application of IFRS 16, the movement of the lease liabilities is as follows:

Kyats in million

	March 31, 2023	March 31, 2022
Opening	11,395.9	11,985.0
Adjustment as per IFRS 16		
Lease adjustment		
Prior year adjustment		
Current year adjustment	(601.1)	882.2
Addition	5.5	-
Lease payments	(5,556.4)	(1,900.0)
Interest expenses	771.7	428.7
Balance (IFRS) (Note 15)	6,015.6	11,395.9

The Bank leases mainly land and buildings for its head office and branches, ATM's places and foreign exchange counter.

23. SUBORDINATED DEBT

Kyats in million

	March 31, 2023	March 31, 2022
Subordinated Debt (US\$ 40M @2100 in 2023)	84,000.0	71,120.0
	84,000.0	71,120.0

Pursuant to the issuance by CBM of their Directive 3/2019 on January 24th, 2019, the Bank had entered into an agreement to take the subordinated facility from Mizuho Bank. Following the receipt of the requisite approval from CBM, the Bank received the Subordinated Debt on November 8th, 2019. The Subordinated Debt is in the amount of USD 40 million for a tenor of 10 years. The Investor may not call for the repayment any time earlier, however, the bank may prepay any time after 2 years. As of March 31, 2023, the interest is payable on quarterly basis at the rate of 3 months LIBOR plus 3.00% margin.

AYEYARWADY BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

24. SHARE CAPITAL

	Number of Ordinary Shares	Share Capital (Kyats in million)
Issued and paid up:		
As at October 1, 2021	1,400,000	140,000.0
Issued in the year	-	-
As at March 31, 2022	1,400,000	140,000.0
Issued in the year	90	9.0
As at March 31, 2023	1,400,090	140,009.0

The following table sets out the shareholders of the Bank as at the end of the reporting period:

<i>Kyats in million</i>		March 31, 2023		March 31, 2022	
S/N	Shareholder	Number of Ordinary Shares held	Percentage	Number of Ordinary Shares held	Percentage
1	U Zaw Zaw	1,036,000	74.0%	1,036,000	74.0%
2	Daw Htay Htay Khine	170,000	12.2%	170,000	12.2%
3	U Than Zaw	34,000	2.4%	34,000	2.4%
4	U Soe Tint	63,000	4.5%	63,000	4.5%
5	U Ohn Kyaw @ U Aye Thwin	63,000	4.5%	63,000	4.5%
6	Daw San San	34,000	2.4%	34,000	2.4%
7.	Daw Khin Saw Oo	30	0.0%	-	-
8.	U Myint Zaw	30	0.0%	-	-
9.	Daw Khin Ma Ma	30	0.0%	-	-
		1,400,090	100.0%	1,400,000	100.0%

25. RESERVES

<i>Kyats in million</i>	Statutory Reserves¹	General Reserves²	Total
As at October 1, 2021	42,711.8	66,000.0	108,711.8
Addition	7,945.1	-	7,945.1
As at March 31, 2022	50,656.9	66,000.0	116,656.9
Addition	12,404.7	-	12,404.7
Transfer ³		(24,904.7)	(24,904.7)
As at March 31, 2023	63,061.6	41,095.3	104,156.9

¹ Section 35(a) of the Financial Institutions Law of Myanmar 2016 requires, the Bank to provide 25% of Net Profit after Tax in a Statutory Reserve account until the account reaches 100% of paid-up capital of the Bank.

² The Central Bank of Myanmar ("CBM") Notification No. 17/2017 requires the Bank to set aside 2% (March 31, 2022 2%) of the total balance of Loans and advances as General Reserves. As at the date of this report, the Bank is compliant with this regulatory requirement.

³ The provision amount of General provision GLLR Kyats 24,904.7 million that has been provided on Net profit before tax was transferred to Other liabilities (Note 21).

AYEYARWADY BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023
26. CONTINGENT LIABILITIES

The following sets out the Bank's contingent liabilities as at the end of the reporting period, based on the maximum amount the Bank would have to pay if the obligations of the instruments issued are called upon:

<i>Kyats in million</i>	March 31, 2023	March 31, 2022
Import letters of credit	-	45,543.0
Bank guarantees	67,626.1	197,202.9
	67,626.1	242,745.9

27. COMMITMENTS
27.1 Outstanding commitments

At the end of the reporting period, the Bank has the following commitments:

<i>In Kyats millions</i>	March 31, 2023	March 31, 2022
Undrawn loan commitments	210,135.8	142,615.2
	210,135.8	142,615.2

27.2 Minimum lease payments

<i>In Kyats millions</i>	April 1, 2022 to March 31, 2023	October 1, 2021 to March 31, 2022
Minimum lease payments paid under operating leases recognised as an expense during the year (Note 32)	207.9	162.4
	207.9	162.4

Operating lease payments represent rentals payable by the Bank for its leases of land and buildings for its head office and branches with lease term less than a year.

28. NET INTEREST INCOME

Interest income comprises interest arising from various types of lending and investment activities. Interest expense comprises all interest incurred on deposits and borrowings from bank and non-bank customers.

Interest income and expense include the following:

<i>Kyats in million</i>	April 1, 2022 to March 31, 2023	October 1, 2021 to March 31, 2022
Interest income arising from:		
Loans and advances	283,487.6	138,989.4
Investment securities	185,138.4	106,659.9
Deposits with banks	6,111.5	133.9
Trade finance	8,334.6	862.9
	483,072.2	246,646.3
Interest expense arising from:		
Deposits from bank and non-bank customers	(338,415.0)	(161,304.1)
Borrowings from banks	(16,389.3)	(9,869.1)
Finance cost	(771.7)	(428.7)
	(355,576.0)	(171,601.9)
Net interest income	127,496.2	75,044.4

AYEYARWADY BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

29. FEE AND COMMISSION INCOME, NET

Fees, commission and service charges income are generated from the range of activities that the Bank provides. Below is the breakdown on fees on commission income and expense.

<i>Kyats in million</i>	April 1, 2022 to March 31, 2023	October 1, 2021 to March 31, 2022
Fee and commission income:		
Service charges	39,686.4	11,372.9
Commission fees	18,394.4	668.0
Exchange fees	7,292.5	3,078.8
Commitment fees	703.3	(23.8)
Default fees	20,273.2	8,063.5
SWIFT/Telex charges	93.4	2.3
	86,443.2	23,161.6
Fee and commission expense:		
Bank charges	(21,302.7)	(504.6)
Net fee and commission income	65,140.5	22,657.0

30. OTHER INCOME/(EXPENSE)

<i>Kyats in million</i>	April 1, 2022 to March 31, 2023	October 1, 2021 to March 31, 2022
Foreign exchange (loss) /gain	(6,850.0)	1,139.0
Foreign exchange transaction gain/ (loss)	14,846.7	1,378.4
Others	186.1	135.2
	8,182.7	2,652.6

31. GENERAL AND ADMINISTRATIVE EXPENSE

<i>Kyats in million</i>	April 1, 2022 to March 31, 2023	October 1, 2021 to March 31, 2022
Wages and salaries	35,705.6	16,863.1
Supplies and services	15,703.2	5,254.8
Maintenance and repair	10,958.5	5,781.3
Professional fees	6,855.2	2,774.4
Other personnel costs	8,788.3	1,504.2
Rates and taxes	1,799.8	1,010.6
Advertising and branding	2,910.9	1,519.9
Travel and entertainment	50.7	9.0
Social security contributions	574.8	298.9
Insurance	494.9	205.7
	83,841.9	35,222.0

AYEYARWADY BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

32. Operating lease expenses

<i>Kyats in million</i>	April 1, 2022 to March 31, 2023	October 1, 2021 to March 31, 2022
Minimum lease payments paid under operating leases recognised as an expense during the year	207.9	162.4

33. OTHER OPERATING EXPENSE

<i>Kyats in million</i>	April 1, 2022 to March 31, 2023	October 1, 2021 to March 31, 2022
Other operating expenses	11,485.5	2,101.1
	11,485.5	2,101.1

34. INCOME TAX EXPENSE

The Bank estimates income tax expense on profit to approximate Myanmar's corporate tax rate of 22% of profit before tax, net of tax adjustments.

	April 1, 2022 to March 31, 2023	October 1, 2020 to March 31, 2022
Profit before tax	65,011.8	40,525.1
Adjustment for FX revaluation loss / (gain)	6,850.0	(1,139.0)
Adjustment of gain of disposal	(187.0)	(118.5)
Adjustment of capital gain tax	18.7	-
Taxable income	71,693.5	39,267.6
Income tax effect at Statutory Rate 22%	15,772.6	8,638.9
Effect of expenses that are not deductible in determining taxable profit	229.0	113.4
Under provision for Income tax of FY (2020-2021)	-	35.7
Others	-	(14.3)
Tax release adjustment FY 2019-2020	(714.8)	-
Income tax expense/(credit) recognised in profit or loss	15,286.8	8,773.7

AYEYARWADY BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023
35. CURRENT AND NON-CURRENT ASSETS AND LIABILITIES
In Kyats millions
As at March 31, 2023
ASSETS

	Current	Non-current	Total
Cash and cash equivalents	760,695.1	-	760,695.1
Placement with other financial institutions	153,200.0	-	153,200.0
Investment securities	291,262.6	1,728,292.3	2,019,554.9
Loan and advances	2,116,007.8	1,097,376.0	3,213,383.9
Bills receivable	14,458.0	-	14,458.0
Other assets	222,665.7	-	222,665.7
Investment property	-	3,484.1	3,484.1
Property, plant and equipment	-	337,648.7	337,648.7
Right-of-use assets	-	18,322.4	18,322.4
Intangibles	-	13,524.1	13,524.1
	3,558,289.2	3,198,647.7	6,756,936.9

LIABILITIES

Borrowing from state banks	86,783.7	-	86,783.7
Deposits from banks	21,356.1	-	21,356.1
Deposits from customers	5,810,504.4	253,646.4	6,064,150.9
Repurchase agreements	-	-	-
Other liabilities	133,819.2	1,778.9	135,598.1
Lease liabilities	736.5	5,279.1	6,015.6
Subordinated debt	-	84,000.0	84,000.0
	6,053,200.0	344,704.5	6,397,904.5

As at March 31, 2022
ASSETS

Cash and cash equivalents	550,299.9	-	550,299.9
Placement with other financial institutions	167,132.0	-	167,132.0
Investment securities	725,586.5	1,593,698.8	2,319,285.2
Loan and advances	1,804,038.1	1,140,371.7	2,944,409.8
Bills receivable	77,215.5	-	77,215.5
Other assets	137,086.1	-	137,086.1
Investment property	-	3,555.8	3,555.8
Property, plant and equipment	-	343,675.3	343,675.3
Right-of-use assets	-	24,897.6	24,897.6
Intangibles	-	15,107.3	15,107.3
	3,461,358.1	3,121,306.5	6,582,664.5

LIABILITIES

Borrowing from state banks	300,000.0	-	300,000.0
Deposits from banks	23,250.9	-	23,250.9
Deposits from customers	5,206,041.9	359,420.4	5,565,462.4
Repurchase agreements	100,617.2	-	100,617.2
Other liabilities	175,125.2	1,489.9	176,615.1
Lease liabilities	1,388.4	10,007.5	11,395.9
Subordinated debt	-	71,120.0	71,120.0
	5,806,423.6	442,037.8	6,248,461.4

36. ROUNDING OF AMOUNTS

Amounts in this report have been rounded off to the nearest million currency units, or in certain cases, the nearest MMK.

37. COMPARATIVE FIGURES

The financial statements for twelve-month year ended March 31, 2023 and the financial statements for the six-month period ended March 31, 2022 are presented as comparative figures of the current period financial statements. Therefore, the amounts presented in the financial statements are not entirely comparable.

38. EVENTS AFTER REPORTING PERIOD

Despite the challenges on the economy and market conditions around the world and in Myanmar, the Bank continues to adopt the Business Continuity Plans ("BCP") and measures to maintain the sustainable business growth.

The Bank conducts regular review on its internal policies and processes to manage the business more effectively and mitigate the potential risk exposure. It also focuses on the maximization of resources and cost optimization to stay competitive in the industry.

Supporting customers

The Bank's primary focus of providing quality services to its customers in a more convenient channels was not changed. It continuously monitors the ways it serves the customers and the customers' journey. It continuously invests in technology infrastructure to give better customers' experience through digitalization of its operational processes. Understanding the customers' needs and providing customized solutions to suit the demands of the customers has always been one of the key purposes of the Bank.

Supporting its people

Human Resources is the most valuable resources of the Bank, and it sets the clear guidelines on the career development of the employees. The respective departments implemented the Key Performance Indicators (KPI) for performance monitoring and improvement purposes. Internal and external training programs for technical and inter-personal skills are regularly provided to the employees to upgrade the knowledge and skill set required for career development.

Managing a strong balance sheet

The Bank also has an Assets & Liabilities Management Committee ("ALCO") in place to monitor the efficient utilization of its assets and maintaining the appropriate amount of liabilities in the pursuit of its business objectives despite the market condition remains challenging as at the reporting date. The bank is also monitoring closely the foreign currency management to mitigate the currency risk exposure.

One of the key earning assets to the Bank is loans to the customers and Credit Committee oversees the loans positions to monitor the recoverability and any potential risk exposures.

The Bank has considered the impact of major events to its knowledge till March 2023 and is in the view that there were no major events requiring significant adjustments to the financial statements except for the continuing impact from the market conditions and other unforeseeable circumstances. However, any unforeseeable effects have not been accounted for in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

38. EVENTS AFTER REPORTING PERIOD(cont'D)

Managing liquidity

The Bank has a strong liquidity position mainly contributed by the increase in deposit and it closely monitors the efficient utilization of fund too maximize the shareholders' return. The main objective of managing liquidity is to ensure that the bank can fulfil the needs of the customers to the best of its ability as and when it is due.

The Bank loan to deposit ratio (LDR) as of March 31, 2023 was 54.12% (March 31, 2022 54.33%) and the Liquidity Ratio as at March 31, 2023 was 48.85% (March 31, 2022 48.39%).

Managing risk exposure

While we strive for business continuity and growth, the Bank doesn't compromise on the risk management. Under the guidance of Board Risk and Compliance Committee (BRCC), it continuously reviews the internal policies and procedures to ensure running the business smoothly and in compliance with the regulatory reporting requirements. On a regular basis, the potential risks and mitigating factors are identified to manage the calculated risks. For the purpose of conducting the business operation in prescribed policies and monitoring the potential risk exposure, the internal audit team performs its audit in line with the risk-based approaches to focus more on significant risk areas. With the guidance from Audit Committee, Internal Audit team prepares an annual audit plan and conducts its audit. Regular risk assessment and management trainings are provided to all stakeholders for awareness and risk mitigation purposes.

39. AUTHORIZATION OF FINANCIAL STATEMENTS

The Financial Statements of the Bank for the year ended March 31, 2023 have been authorized for issue on August 15, 2023.

Our Brand Promise – Your Trusted Partner

AYA Bank is the bank of choice for anyone who is looking for fast, reliable, honest banking relationships. AYA Bank offers the full range of retail and commercial banking products and services and is in tune with domestic customs and international standards in its governance and operations.

For your long-term banking needs, AYA bank is your trusted partner in Myanmar.

Our brand promise represent the foundational commitment and deeply held beliefs that allow AYA to navigate complex situations while keeping our identity and culture at the forefront.

AYA Bank regards Brand Promise as a standard and non-negotiable. This will be adopted to give effect to our core values and to guide our relationships with all our stakeholders and other relevant role-players as well as to outline our commitments to them. We strive our utmost to maintain our Brand Promise and enhance the public's confidence in AYA Bank.



**No. 416, Corner of Maharbandoola Road & Maharbandoola Garden Street,
Kyauktada Township, Yangon, Myanmar.**

**Block No. (3/B), Quarter No-23(G-1), Corner of Strand Road & Thit Taw Road,
River View Point Condominium, Ahlone Township, Yangon, Myanmar.**

 01 - 231 7777  info@ayabank.com  ayabank.com  [ayabank](https://www.facebook.com/ayabank)  <https://bit.ly/3hDrN8K>  <https://t.me/AYABankMyanmar>