

**AYEYARWADY BANK LIMITED
(Registration No. 110312156)**

**REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS**

PERIOD ENDED MARCH 31, 2022

WIN THIN AND ASSOCIATES AUDIT FIRM

CERTIFIED PUBLIC ACCOUNTANTS

AYEYARWADY BANK LIMITED

Report of the directors

The directors present their report together with the audited financial statements of Ayeyarwady Bank Limited (the "Bank") for the period ended March 31, 2022.

1. DIRECTORS

The directors of the Company in office at the date of March 31, 2022 this report are

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

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is to provide full banking services with two hundred and sixty-five 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 Company as recorded in the register of directors' shareholdings kept by the Company, 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

4. RESULTS OF THE BANK

The financial position of the Bank as at March 31, 2022 and the financial performance of the Bank for the period 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 Company for the period ended March 31, 2022.

6. AUDITORS

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

On behalf of the Board of Directors,



Myint Zaw
Chief Executive Officer
Ayeyarwady Bank Limited



Than Zaw
Vice Chairman
Ayeyarwady Bank Limited



Khin Saw Oo
Executive Chairman
Ayeyarwady Bank Limited

Date: October 31, 2022

**AYEYARWADY BANK 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 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 period ended March 31, 2022. 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 6 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, 2022, 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
Ayeyarwady Bank Limited

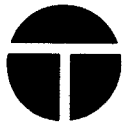


Than Zaw
Vice Chairman
Ayeyarwady Bank Limited



Khin Saw Oo
Executive Chairman
Ayeyarwady Bank Limited

Date: October 31, 2022



ဝင်းသင်းနှင့်အဖွဲ့၊ စာရင်းစစ်များ။

WIN THIN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

HEAD OFFICE:- 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

MANDALAY BRANCH:- Room (9/10), East Wing of Bahtoo Stadium, 70th Street (Between 29th & 30th Street), OFFICE Mandalay Region, Myanmar. Tel: 95-2-4034451, Fax: 95-2-4034498

Ref: 706/A-88/ March 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of AYEYARWADY BANK LIMITED

Opinion

We have audited the financial statements of Ayeyarwady Bank Limited (the "Bank"), which comprise the statement of financial position as at March 31, 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 56.

In our opinion, the financial statements present fairly, in all material aspects, the financial position of the Bank as at March 31, 2022 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, 2022, and the results, changes in equity and cash flows of the Bank for the financial period 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 2.1 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 period ended March 31, 2022 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. We had expressed an unmodified opinion on those financial statements on September 30, 2022.

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 2.1 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 objective 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.

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
CERTIFIED PUBLIC ACCOUNTANTS



Date: October 31, 2022

AYEYARWADY BANK LIMITED

STATEMENT OF FINANCIAL POSITION

As At March 31, 2022

<i>Kyats in million</i>	Note	March 31, 2022	September 30, 2021
ASSETS			
Cash and cash equivalents	8	550,299.9	811,915.9
Placement with other financial institutions	9	167,132.0	4,000.0
Investment securities	10	2,319,285.3	2,658,696.1
Loan and advances	11	2,944,409.8	3,024,353.6
Bills receivable		77,215.5	86,844.7
Other assets	12	137,086.1	127,051.7
Investment property	13	3,555.8	-
Property, plant and equipment	14	343,675.3	342,805.9
Right-of-use assets	15	24,897.6	25,566.2
Intangible assets	16	15,107.3	15,735.6
Total Assets		6,582,664.6	7,096,969.7
LIABILITIES			
Borrowing from state bank	17	300,000.0	270,000.0
Deposits from banks	18	23,250.9	38,755.6
Deposits from customers	19	5,565,462.4	6,243,436.2
Repurchase agreement	20	100,617.2	-
Other liabilities	21	176,615.1	153,257.3
Lease liabilities	22	11,395.9	11,985.0
Subordinated Debt	23	71,120.0	77,084.0
Total Liabilities		6,248,461.5	6,794,518.1
EQUITY			
Share capital	24	140,000.0	140,000.0
Reserves	25	116,656.9	108,711.8
Retained earnings		77,546.2	53,739.8
Total Equity		334,203.1	302,451.6
Total Liabilities and Equity		6,582,664.6	7,096,969.7
OFF-BALANCE SHEET			
Contingent liabilities	26	242,745.9	130,386.5
Commitments	27	142,615.2	136,347.1

The accompanying notes forms part of the financial statements

On behalf of the Board of Directors,

 Myint Zaw
 Chief Executive Officer
 Ayeeyarwady Bank Limited

 Than Zaw
 Vice Chairman
 Ayeeyarwady Bank Limited

 Khin Saw Oo
 Executive Chairman
 Ayeeyarwady Bank Limited

Date: October 31, 2022

AYEYARWADY BANK LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Period Ended March 31, 2022

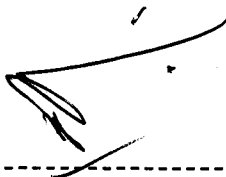
<i>Kyats in million</i>	Note	October 1, 2021 to March 31, 2022	October 1, 2020 to Sep 30, 2021
Interest income	28	246,646.3	507,431.0
Interest expense	28	(171,601.9)	(412,994.1)
Net interest income		75,044.4	94,436.9
Fee and commission income	29	23,161.6	47,413.7
Fee and commission expense	29	(504.6)	(2,489.3)
Other income/(expense)	30	2,652.6	21,030.9
Net non-interest income		25,309.6	65,955.3
Total income		100,354.0	160,392.2
General and administration expenses	31	(35,222.0)	(58,370.5)
Operating lease expenses	32	(162.4)	(258.2)
Depreciation and amortisation	14/15/16	(12,749.1)	(24,917.7)
Other operating expenses	33	(2,101.1)	(8,241.3)
Specific Allowance	11	(9,594.3)	(30,813.1)
2 % general loan loss provision		-	(904.7)
Total expenses		(59,828.9)	(123,505.4)
Profit before tax		40,525.1	36,886.8
Income tax expense	34	(8,773.7)	(5,098.7)
Net profit for the period representing total comprehensive income for the period		31,751.5	31,788.2

The accompanying notes forms part of the financial statements.

On behalf of the Board of Directors,



 Myint Zaw
 Chief Executive Officer
 Ayeyarwady Bank Limited



 Than Zaw
 Vice Chairman
 Ayeyarwady Bank Limited



 Khin Saw Oo
 Executive Chairman
 Ayeyarwady Bank Limited

Date: October 31, 2022


AYEYARWADY BANK LIMITED

STATEMENT OF CHANGES IN EQUITY
Period Ended March 31, 2022

<i>Kyats in million</i>	Note	Share Capital	Reserves	Retained Earnings	Total
Balance at October 01, 2020 (IFRS)		130,000.0	99,901.6	29,857.2	259,758.8
Issued shares	24	10,000.0	-	-	10,000.0
Total comprehensive income for the year		-	-	31,621.9	31,621.9
Prior Year Adjustments		-	-	-	-
Transfer to Statutory Reserves	25	-	7,905.5	(7,905.5)	-
Transfer to General Reserves	25	-	904.7	-	904.7
Adjustment for IFRS-16 Leasing & IFRS 9 Financial assets		-	-	166.3	166.3
Balance at September 30, 2021		140,000.0	108,711.8	53,739.9	302,451.6
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 & IAS 40 -Investment property		-	-	(28.9)	(28.9)
Balance at March 31, 2022		140,000.0	116,656.9	77,546.2	334,203.1

The accompanying notes form part of the financial statements.

On behalf of the Board of Directors,


 Myint Zaw
 Chief Executive Officer
 Ayeyarwady Bank Limited


 Than Zaw
 Vice Chairman
 Ayeyarwady Bank Limited


 Khin Saw Oo
 Executive Chairman
 Ayeyarwady Bank Limited

Date: October 31, 2022

AYEYARWADY BANK LIMITED

STATEMENT OF CASH FLOWS
Period Ended March 31, 2022

Kyats in million	Note	October 1, 2021 to March 31, 2022	October 1, 2020 to September 30, 2021
Cash flows from operating activities			
Profit before tax		40,525.1	36,886.8
Adjustment for:			
- Depreciation of investment property	13	11.3	-
- Depreciation of property, plant and equipment	14	8,470.2	17,098.1
- Depreciation of right-of-use assets		2,477.8	5,886.3
- Amortization of intangible assets	16	1,789.7	1,933.4
- Adjustment of property, plant and equipment	14	(2,223.8)	4,465.3
- Adjustment of investment property	13	2,223.8	-
- Adjustment of intangible assets	16	-	9,626.2
- 2% General loan loss reserve		-	904.7
- Specific provision		9,594.3	30,813.1
- Effects of fixed assets written off		1.0	5.8
- Loss/(Gain) on disposal of property, plant and equipment		(135.2)	(33.8)
		<u>62,734.4</u>	<u>107,585.7</u>
Changes in			
Cash and balances with central bank / related corporations - restricted		62,362.0	134,856.5
Placement with Private Bank		(163,132.0)	416,299.5
Investment securities		339,410.9	203,178.5
Loan and advances		70,349.4	112,562.0
Bill receivables		9,629.1	(71,427.7)
Other assets		(2,839.4)	30,118.0
Investment property		(1,361.9)	-
Deposit from banks		(15,504.6)	(1,487.2)
Deposit from customers		(677,973.9)	(1,246,138.6)
Repurchase agreement		100,617.2	-
Other liabilities		14,384.2	41,678.6
Subordinated debt		(5,964.0)	24,744.0
		<u>(207,288.6)</u>	<u>(248,030.7)</u>
Income tax paid		(6,995.0)	(5,426.7)
Net cash from operating activities		<u>(214,283.6)</u>	<u>(253,457.4)</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(11,901.8)	(6,899.2)
Acquisition of right-of-use assets		(1,809.2)	(2,407.0)
Acquisition of intangible assets		(1,161.3)	(15,779.4)
Proceeds from disposal of PPE		491.0	199.1
Net cash used in investing activities		<u>(14,381.3)</u>	<u>(24,886.5)</u>

STATEMENT OF CASH FLOWS
Period Ended March 31, 2022 (Cont'd)

Cash flows from financing activities

Repayment of lease liabilities		(589.1)	(9,682.7)
Issue of Share Capital	24	-	10,000.0
Borrowing from State Banks	17	30,000.0	270,000.0
Net cash used in financing activities		29,410.9	270,317.3
Net increase in cash and cash equivalents		(199,254.0)	(8,026.6)
Cash and cash equivalents at beginning of the period		586,699.9	594,726.5
Cash and cash equivalents at end of the period (Note 8)		387,445.9	586,699.9

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

On behalf of the Board of Directors,



Myint Zaw
 Chief Executive Officer
 Ayeyarwady Bank Limited



Than Zaw
 Vice Chairman
 Ayeyarwady Bank Limited



Khin Saw Oo
 Executive Chairman
 Ayeyarwady Bank Limited

Date: October 31, 2022