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

**REPORT OF THE DIRECTORS**  
**AND FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2021**

**WIN THIN AND ASSOCIATES AUDIT FIRM**  
**CERTIFIED PUBLIC ACCOUNTANTS**



**AYA Bank**  
**အမှတ်တံဆိပ်**

Your Trusted Partner

**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 year ended September 30, 2021.

**1. DIRECTORS**

The directors of the Company in office at the date of September 30, 2021 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**

<b>Name of directors</b>	<b>At beginning of Year or date of appointment, if later</b>	<b>At end of year</b>
U Zaw Zaw	901,000	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 September 30, 2021 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 Company for the year ended September 30, 2021.

Head Office : Yangon, Myanmar

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

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

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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.

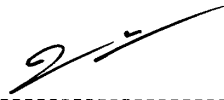
On behalf of the Board of Directors,



Myint Zaw  
Senior Managing Director  
Ayeyarwady Bank Limited



Than Zaw  
Vice Chairman  
Ayeyarwady Bank Limited



Zaw Zaw  
Chairman  
Ayeyarwady Bank Limited

Date: April 30, 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 year ended September 30, 2021. 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 55, are drawn up so as to give a true and fair view of the financial position of the Bank as at September 30, 2021, 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  
Senior Managing Director  
Ayeyarwady Bank Limited



Than Zaw  
Vice Chairman  
Ayeyarwady Bank Limited



Zaw Zaw  
Chairman  
Ayeyarwady Bank Limited

Date: April 30, 2022



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# WIN THIN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

HEAD OFFICE:- Room (2B/2C) 1<sup>st</sup> 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, 70<sup>th</sup> Street (Between 29<sup>th</sup> & 30<sup>th</sup> Street), OFFICE Mandalay Region, Myanmar. Tel: 95-2-4034451, Fax: 95-2-4034498

Ref: 308/A-88/ September 2021

## 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 September 30, 2021, 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 6 to 55.

In our opinion, the financial statements present fairly, in all material aspects, the financial position of the Bank as at September 30, 2021 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 September 30, 2021, 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. Our opinion is not modified in respect of this matter.

### Other Matters

Another set of financial statements of the Bank for the year ended September 30, 2021 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 Instruction 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 April 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: April 30, 2022

**AYEYARWADY BANK LIMITED**  
**STATEMENT OF FINANCIAL POSITION**

**September 30, 2021**

*Kyats in million*

Note **September 30, 2021** September 30, 2020

**ASSETS**

Cash and cash equivalents	8	<b>811,915.9</b>	954,799.1
Placement with other financial institutions	9	<b>4,000.0</b>	420,299.5
Investment securities	10	<b>2,658,696.1</b>	2,861,874.6
Loan and advances	11	<b>3,024,353.6</b>	3,167,728.7
Bills receivable		<b>86,844.7</b>	15,416.9
Other assets	12	<b>127,051.7</b>	151,743.1
Property, plant and equipment	13	<b>342,805.9</b>	357,640.9
Right-of-use assets	14	<b>25,566.2</b>	29,045.5
Intangible assets	15	<b>15,735.6</b>	11,515.8
<b>Total Assets</b>		<b>7,096,969.7</b>	<b>7,970,064.1</b>

**LIABILITIES**

Borrowing from state bank	16	<b>270,000.0</b>	-
Deposits from banks	17	<b>38,755.6</b>	40,242.8
Deposits from customers	18	<b>6,243,436.2</b>	7,489,574.8
Other liabilities	19	<b>153,257.3</b>	106,480.0
Lease liabilities	20	<b>11,985.0</b>	21,667.6
Subordinated Debt	21	<b>77,084.0</b>	52,340.0
<b>Total Liabilities</b>		<b>6,794,518.1</b>	<b>7,710,305.2</b>

**EQUITY**

Share capital	22	<b>140,000.0</b>	130,000.0
Reserves	23	<b>108,711.8</b>	99,901.6
Retained earnings		<b>53,739.8</b>	29,857.3
<b>Total Equity</b>		<b>302,451.6</b>	<b>259,758.9</b>

**Total Liabilities and Equity**

**7,096,969.7** **7,970,064.1**

**OFF-BALANCE SHEET**

Contingent liabilities	24	<b>130,386.5</b>	238,807.1
Commitments	25	<b>136,347.1</b>	151,259.1

*The accompanying notes forms part of the financial statements*

On behalf of the Board of Directors,



Myint Zaw  
 Senior Managing Director  
 Ayeyarwady Bank Limited



Than Zaw  
 Vice Chairman  
 Ayeyarwady Bank Limited



Zaw Zaw  
 Chairman  
 Ayeyarwady Bank Limited

Date: April 30, 2022


**AYEYARWADY BANK LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

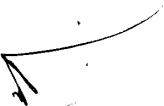
**Year Ended September 30, 2021**

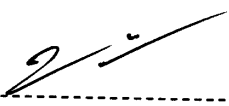
<i>Kyats in million</i>	Note	<b>October 1, 2020 to September 30, 2021</b>	October 1, 2019 to September 30, 2020
Interest income	26	<b>507,431.0</b>	493,259.9
Interest expense	26	<b>(412,994.1)</b>	(387,329.1)
<b>Net interest income</b>		<b>94,436.9</b>	105,930.8
Fee and commission income	27	<b>47,413.7</b>	52,836.5
Fee and commission expense	27	<b>(2,489.3)</b>	(4,129.3)
Other income/(expense)	28	<b>21,030.9</b>	(4,952.5)
<b>Net non-interest income</b>		<b>65,955.3</b>	43,754.7
<b>Income before operating expenses</b>		<b>160,392.2</b>	149,685.5
General and administrative expense	29	<b>(58,370.5)</b>	(69,683.8)
Operating lease expense	30	<b>(258.2)</b>	(908.0)
Depreciation and amortisation	13/15	<b>(24,917.7)</b>	(24,311.9)
Other operating expense	31	<b>(8,241.3)</b>	(3,175.9)
Specific allowance	11	<b>(30,813.1)</b>	(18,418.7)
2% general loan loss provision		<b>(904.7)</b>	(4,500.0)
<b>Total expenses</b>		<b>(123,505.4)</b>	(120,998.3)
<b>Profit before tax</b>		<b>36,886.8</b>	28,687.2
Income tax (expense)/ credit	32	<b>(5,098.7)</b>	(8,559.5)
<b>Net profit for the year representing total comprehensive income for the year</b>		<b>31,788.2</b>	20,127.7

*The accompanying notes forms part of the financial statements.*

On behalf of the Board of Directors,

  
 Myint Zaw  
 Senior Managing Director  
 Ayeyarwady Bank Limited

  
 Than Zaw  
 Vice Chairman  
 Ayeyarwady Bank Limited

  
 Zaw Zaw  
 Chairman  
 Ayeyarwady Bank Limited

Date: April 30, 2022



**AYEYARWADY BANK LIMITED**

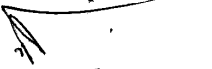
**STATEMENT OF CHANGES IN EQUITY  
Year Ended September 30, 2021**

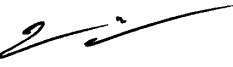
<i>Kyats in million</i>	Note	Share Capital	Reserves	Retained Earnings	Total
<b>Balance at September 30, 2019 (Restated)</b>		130,000.0	90,387.0	14,769.0	235,156.0
Issued shares	22	-	-	-	-
Total comprehensive income for the year		-	-	20,293.2	20,293.2
Prior Year Adjustments		-	-	(24.9)	(24.9)
Transfer to Statutory Reserves	23	-	5,014.6	(5,014.6)	-
Transfer to General Reserves	23	-	4,500.0	-	4,500.0
Adjustment for IFRS-16 Leasing				(165.5)	(165.5)
<b>Balance at September 30, 2020</b>		130,000.0	99,901.6	29,857.2	259,758.8
<b>Issued shares</b>	<b>22</b>	<b>10,000.0</b>	<b>-</b>	<b>-</b>	<b>10,000.0</b>
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>31,621.9</b>	<b>31,621.9</b>
<b>Prior Year Adjustments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transfer to Statutory Reserves</b>	<b>23</b>	<b>-</b>	<b>7,905.5</b>	<b>(7,905.5)</b>	<b>-</b>
<b>Transfer to General Reserves</b>	<b>23</b>	<b>-</b>	<b>904.7</b>	<b>-</b>	<b>904.7</b>
<b>Adjustment for IFRS-16 Leasing &amp; IFRS 9 Financial assets</b>		<b>-</b>	<b>-</b>	<b>166.3</b>	<b>166.3</b>
<b>Balance at September 30, 2021</b>		<b>140,000.0</b>	<b>108,711.8</b>	<b>53,739.9</b>	<b>302,451.6</b>

*The accompanying notes form part of the financial statements.*

On behalf of the Board of Directors,

  
Myint Zaw  
Senior Managing Director  
Ayeyarwady Bank Limited

  
Than Zaw  
Vice Chairman  
Ayeyarwady Bank Limited

  
Zaw Zaw  
Chairman  
Ayeyarwady Bank Limited


Date: April 30, 2022


**AYEYARWADY BANK LIMITED**  
**STATEMENT OF CASH FLOWS**  
**Year Ended September 30, 2021**

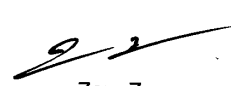
<i>Kyats in million</i>	Note	<b>October 1, 2020 to September 30, 2021</b>	October 1, 2019 to September 30, 2020
<b>Cash flows from operating activities</b>			
Profit before tax		<b>36,886.8</b>	28,687.2
Adjustment for:			
- Depreciation of property, plant and equipment	13	<b>17,098.0</b>	18,312.6
- Depreciation of right-of-use assets		<b>5,886.3</b>	5,729.7
- Amortisation of intangible assets	15	<b>1,933.4</b>	269.6
- Adjustment of property, plant and equipment		<b>4,465.3</b>	(4,113.3)
- Adjustment of intangible assets		<b>9,626.2</b>	4,113.3
- 2% general loan loss reserve		<b>904.7</b>	4,500.0
- Specific allowance		<b>30,813.1</b>	18,328.7
- Effects of fixed assets written off	13	<b>5.8</b>	13.2
- (Gain)/ Loss on disposal of property, plant and equipment		<b>(33.8)</b>	(126.8)
		<b>107,585.7</b>	75,714.2
Changes in			
- Cash and balances with central bank/related corporations - restricted		<b>134,856.5</b>	1,832.8
- Placement with other financial institutions		<b>416,299.5</b>	(62,722.9)
- Investment securities		<b>203,178.5</b>	(1,444,482.4)
- Loan and advances		<b>112,562.0</b>	(218,266.8)
- Bills receivable		<b>(71,427.7)</b>	35,232.2
- Other assets		<b>30,118.0</b>	(9,791.9)
- Deposits from banks		<b>(1,487.2)</b>	(2,050.2)
- Deposits from customers		<b>(1,246,138.6)</b>	1,797,662.1
- Repurchase agreement		<b>-</b>	(70,448.4)
- Other liabilities		<b>41,678.6</b>	(28,372.1)
- Subordinated debt		<b>24,744.0</b>	-
		<b>(248,030.7)</b>	74,306.6
Income tax paid		<b>(5,426.7)</b>	(11.7)
Net cash from operating activities		<b>(253,457.4)</b>	74,294.9
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		<b>(6,899.2)</b>	(23,448.3)
Acquisition of right-of-use assets		<b>(2,407.0)</b>	(1,785.6)
Acquisition of intangible assets		<b>(15,779.4)</b>	(9,461.2)
Proceeds from disposal of property, plant and equipment		<b>199.1</b>	336.5
Net cash used in investing activities		<b>(24,886.5)</b>	(34,358.6)
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities		<b>(9,682.7)</b>	(1,151.6)
Issue of share capital	22	<b>10,000.0</b>	-
Subordinated debt	21	<b>-</b>	52,340.0
Borrowing from state banks	16	<b>270,000.0</b>	-
Net cash from financing activities		<b>270,317.3</b>	51,188.4
Net increase in cash and cash equivalents		<b>(8,026.6)</b>	91,124.6
Cash and cash equivalents at beginning of the year		<b>594,726.5</b>	503,601.9
Cash and cash equivalents at end of the year (Note 8)		<b>586,699.9</b>	594,726.5

*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  
Senior Managing Director  
Ayeyarwady Bank Limited  
Date: April 30, 2022

  
Than Zaw  
Vice Chairman  
Ayeyarwady Bank Limited

  
Zaw Zaw  
Chairman  
Ayeyarwady Bank Limited