

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

**REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2020

**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 year ended September 30, 2020.

1. DIRECTORS

The directors of the Company in office at the date of 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	901,000	901,000
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, 2020 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, 2020.

Office : Yangon, Myanmar

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

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 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 Ya Min Than, Certified Public Accountant and Engagement Partner of Win Thin and Associates Audit firm.

On behalf of the Board of Directors,



Myint Zaw
Managing Director
Ayeyarwady Bank Limited



Than Zaw
Vice Chairman
Ayeyarwady Bank Limited



Khin Saw Oo
Executive Chairman
Ayeyarwady Bank Limited

Date: October 31, 2021

**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, 2020. 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 59, are drawn up so as to give a true and fair view of the financial position of the Bank as at September 30, 2020, 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
Managing Director
Ayeyarwady Bank Limited



Than Zaw
Vice Chairman
Ayeyarwady Bank Limited



Khin Saw Oo
Executive Chairman
Ayeyarwady Bank Limited

Date: October 31, 2021



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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: 114/A-88/ September 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of AYEYARWADY BANK LIMITED

Opinion

We have audited the financial statements of Ayeeyarwady Bank Limited (the "Bank"), which comprise the statement of financial position as at September 30, 2020, 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 59.

In our opinion, the financial statements present fairly, in all material aspects, the financial position of the Bank as at September 30, 2020 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, 2020, 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 prior consent. 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, 2020 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 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 2.1 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.

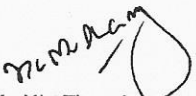
Auditor's Responsibilities for the Audit of the Financial Statements

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.


Ya Min Than (PAPP-418)
B.Com., CPA, DBL

Engagement Partner
WIN THIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS



Date: October 31, 2021


AYEYARWADY BANK LIMITED

STATEMENT OF FINANCIAL POSITION
September 30, 2020


<i>In Kyats millions</i>	Note	September 30, 2020	September 30, 2019 (Restated)	October 1, 2018 (Restated)
ASSETS				
Cash and cash equivalents	8	954,799.1	865,507.3	761,552.2
Placement with other financial institutions	9	420,299.5	357,576.6	282,406.0
Investment securities	10	2,861,874.6	1,417,392.2	1,270,654.8
Loan and advances	11	3,167,728.7	2,967,790.6	2,740,447.8
Bills receivable		15,416.9	50,649.3	47,990.8
Other assets	15	151,743.1	141,884.1	153,850.1
Property, plant and equipment	12	357,640.9	348,614.8	357,301.5
Right-of-use assets	13	29,045.5	32,989.5	38,147.9
Intangible assets	14	11,515.8	6,437.5	4,388.5
Total Assets		7,970,064.1	6,188,841.9	5,656,739.6
LIABILITIES				
Deposits from banks	16	40,242.8	42,293.0	23,584.6
Deposits from customers	17	7,489,574.8	5,691,887.8	5,263,108.3
Repurchase agreement		-	70,448.4	-
Other liabilities	18	106,480.0	126,237.4	151,202.9
Lease liabilities	19	21,667.6	22,819.2	28,671.8
Subordinated Debt	20	52,340.0	-	-
Total Liabilities		7,710,305.2	5,953,685.8	5,466,567.6
EQUITY				
Share capital	21	130,000.0	130,000.0	125,000.0
Reserves	22	99,901.6	90,387.0	65,629.4
Retained earnings		29,857.3	14,769.1	(457.4)
Total Equity		259,758.9	235,156.1	190,172.0
Total Liabilities and Equity		7,970,064.1	6,188,841.9	5,656,739.6
OFF-BALANCE SHEET				
Contingent liabilities	29	238,807.1	369,441.8	252,042.9
Commitments	30	151,259.1	141,528.2	137,704.0

The accompanying notes form part of the financial statements

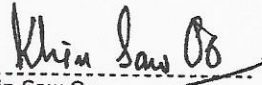
On behalf of the Board of Directors,



Myint Zaw
Managing Director
Ayeyarwady Bank Limited



Than Zaw
Vice Chairman
Ayeyarwady Bank Limited



Khin Saw Oo
Executive Chairman
Ayeyarwady Bank Limited

Date: October 31, 2021


AYEYARWADY BANK LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year Ended September 30, 2020


<i>In Kyats millions</i>	Note	October 1, 2019 to September 30, 2020	October 1, 2018 to September 30, 2019 (Restated)
Interest income	23	493,259.9	452,859.8
Interest expense	23	(387,329.1)	(359,728.7)
Net interest income		<u>105,930.8</u>	<u>93,131.1</u>
Fee and commission income	24	52,836.5	54,723.0
Fee and commission expense	24	(4,129.3)	(5,091.4)
Other expense	25	(4,952.5)	(3,674.9)
Net non-interest income		<u>43,754.7</u>	<u>45,956.7</u>
Income before operating expenses		<u>149,685.5</u>	<u>139,087.8</u>
General and administrative expense	26	(69,683.8)	(62,382.2)
Operating lease expense	30	(908.0)	(859.5)
Depreciation and amortisation	12/13/14	(24,311.9)	(24,031.5)
Other operating expense	27	(3,175.9)	(2,171.2)
Specific allowance	11	(18,418.7)	(10,373.7)
2% general loan loss provision		(4,500.0)	(19,500.0)
Total expenses		<u>(120,998.3)</u>	<u>(119,318.1)</u>
Profit before tax		28,687.2	19,769.7
Income tax (expense)/ credit	28	(8,559.5)	714.4
Net profit for the year representing total comprehensive income for the year		<u>20,127.7</u>	<u>20,484.1</u>

The accompanying notes form part of the financial statements.


On behalf of the Board of Directors,



 Myint Zaw
 Managing Director
 Ayeyarwady Bank Limited



 Than Zaw
 Vice Chairman
 Ayeyarwady Bank Limited



 Khin Saw Oo
 Executive Chairman
 Ayeyarwady Bank Limited

Date: October 31, 2021

AYEYARWADY BANK LIMITED

STATEMENT OF CHANGES IN EQUITY
Year Ended September 30, 2020

<i>In Kyats millions</i>					
	Note	Share Capital	Reserves	Retained Earnings	Total
Balance at April 1, 2018		120,000.0	41,422.0	352.2	161,774.2
Issued shares	19	5,000.0	-	-	5,000.0
Total comprehensive income for the year		-	-	30,020.7	30,020.7
Transfer to Statutory Reserves	20	-	7,724.7	(7,724.7)	-
Transfer to General Reserves	20	-	16,482.7	(16,482.7)	-
Adjustment for IFRS-16 Leasing		-	-	(6,622.9)	(6,622.9)
Balance at September 30, 2018 (Restated)		<u>125,000.0</u>	<u>65,629.4</u>	<u>(457.4)</u>	<u>190,172.0</u>
Issued shares	19	5,000.0	-	-	5,000.0
Total comprehensive income for the year		-	-	20,888.3	20,888.3
Transfer to Statutory Reserves	20	-	5,257.6	(5,257.6)	-
Transfer to General Reserves	20	-	19,500.0	-	19,500.0
Adjustment for IFRS-16 Leasing		-	-	(404.2)	(404.2)
Balance at September 30, 2019 (Restated)		<u>130,000.0</u>	<u>90,387.0</u>	<u>14,769.1</u>	<u>235,156.1</u>
Issued shares	19	-	-	-	-
Total comprehensive income for the year		-	-	-	-
Prior Year Adjustments		-	-	20,293.2	20,293.2
Transfer to Statutory Reserves	20	-	-	(24.9)	(24.9)
Transfer to General Reserves	20	-	5,014.6	(5,014.6)	-
Adjustment for IFRS-16 Leasing		-	4,500.0	-	4,500.0
Balance at September 30, 2020		<u>130,000.0</u>	<u>99,901.6</u>	<u>29,857.3</u>	<u>259,758.9</u>

The accompanying notes form part of the financial statements.

AYEYARWADY BANK LIMITED

STATEMENT OF CASH FLOWS
Year Ended September 30, 2020

In Kyats millions

	Note	October 1, 2019 to September 30, 2020	October 1, 2018 to September 30, 2019 (Restated)
Cash flows from operating activities			
Profit before tax		28,687.2	19,769.7
Adjustment for:			
- Depreciation of property, plant and equipment	12	18,312.6	18,235.6
- Depreciation of right-of-use assets		5,729.7	5,592.0
- Amortisation of intangible assets	13	269.6	203.9
- 2% general loan loss reserve		4,500.0	19,500.0
- Specific allowance		18,328.7	10,373.7
- Effects of fixed assets written off	12	13.2	9.1
- (Gain)/ Loss on disposal of property, plant and equipment		(126.8)	12.9
		75,714.2	73,696.9
Changes in			
- Cash and balances with central bank/related corporations - restricted		1,832.8	(35,774.0)
- Placement with other financial institutions		(62,722.9)	(75,170.6)
- Investment securities		(1,444,482.4)	(146,737.4)
- Loan and advances		(218,266.8)	(237,716.5)
- Bills receivable		35,232.2	(2,658.5)
- Other assets		(9,791.9)	14,122.2
- Deposits from banks		(2,050.2)	18,708.4
- Deposits from customers		1,797,662.1	428,779.5
- Repurchase agreement		(70,448.4)	70,448.4
- Other liabilities		(28,372.1)	(24,385.9)
		74,306.6	83,312.5
Income tax paid		(11.7)	(2,021.4)
Net cash from operating activities		74,294.9	81,291.1
Cash flows from investing activities			
Acquisition of property, plant and equipment		(23,448.3)	(16,614.8)
Acquisition of right-of-use assets		(1,785.6)	(433.7)
Acquisition of intangible assets		(9,461.2)	(2,252.9)
Proceeds from disposal of property, plant and equipment		336.5	7,043.9
Net cash used in investing activities		(34,358.6)	(12,257.5)
Cash flows from financing activities			
Repayment of lease liabilities		(1,151.6)	(5,852.5)
Issue of share capital	19	-	5,000.0
Subordinated Debt	18	52,340.0	-
Net cash from financing activities		51,188.4	(852.5)
Net increase in cash and cash equivalents		91,124.6	68,181.1
Cash and cash equivalents at beginning of the year		503,601.9	435,420.8
Cash and cash equivalents at end of the year (Note 8)		594,726.5	503,601.9

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.