



# ANNUAL REPORT

FY 2021 - 2022

**Welcome to AYA**

"Your happiness, our business"

# Welcome to AYA

“Your happiness,  
our business”



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## **Our Mission**

To be recognized as the leading bank in Myanmar through pursuit of Excellence and long term sustainable growth for the bank and its stakeholders.



## **Our Corporate Values (ETHICS)**

Our shared core values form the foundation of the AYA Bank. These values underpin every aspect of all our business dealings, irrespective of the business or jurisdiction involved

1

We pursue our objectives  
with  
**EXCELLENCE**

2

We progress as a TEAM with  
**TRANSPARENCY**

3

We think and act in all  
**HONESTY &  
ACCOUNTABILITY**

4

We maintain  
**INTEGRITY**  
in all our dealings

5

**We CARE** for our  
customers, our colleagues and  
the people we interact with and  
in all our actions

6

We always act with  
**SINCERITY**

## 1. Excellence

We shall strive to deliver the highest quality in every aspect of our business and approach every challenge with a determination to succeed. Improvement can occur at all levels within the Bank. We go beyond good quality and acceptable products, into delivering excellence to our customers in everything we do.

- Delivering excellence is the continued effort AYA Bank makes to improve our services, products, business deals and communications on a daily basis, both peer-to-peer, company-wide and with customers.
- Delivering excellence is filling in the gaps between what our customers voice their needs and what we offer.
- Delivering excellence is to be supportive, responsive and above all, reliable in every performance no matter how big or small

## 2. Team

We represent AYA bank as a team “One Team, One Goal”. The best teamwork comes from team members who are working independently towards one goal in unison. We break down silos and collaborate across boundaries. In AYA, everyone is given equal opportunity for participation. By being open to different ideas from our colleagues, customers and the world around us, we will find more ways to win.

We build the culture of working with each other in a way that takes advantage of each team member’s unique strengths to achieve results that exceed the cumulative results they could have individually accomplished. Whatever and however we practiced our business, our transparency in everything we do is our ultimate goal. It is based on collaboration and open communication in both directions, up and down, coordinated by leaders. AYA is committed to helping our customers by working together with equal parts humility and ambition.

## 3. Honesty

We affirm that honesty is essential in building trust between us, and our valued customers and stakeholders as stated in our Brand Promise “Your trusted Partner”. We believe ‘honesty’ strengthens trust and brand loyalty. Being honest in the workplace fosters open communication and constructive feedback. We adhere to the highest standards of accuracy and sincerity in advancing the interests of those we represent and in communicating with the public.

We encourage honesty at work from the start and at all times. We’re honest and open in all that we do. We build open and honest relationships. We have no tolerance for politics, hidden agendas or passive-aggressive behavior. So, all our customers, partners and other stakeholders can feel confident in interacting and collaborating with us. We take pride in our accountable business practices in accordance with our Good Corporate Governance guidelines.

## 4. Integrity

We describe integrity as one of the fundamental values and the act of conducting ourselves in an honest, loyal, reliable and ethical way with everyone we do business with. We seek to maintain the highest standards of integrity and independence through a set of strong values and principles. Strengthening resilience, integrity and efficiency of our financial service infrastructure with focus on deepening technology advances.

What we do have an impact on the industry, people’s lives, and communities. We take this seriously and act with integrity. We are transparent and committed in doing what is best for our customers and our partners.

## 5. Care

We strongly believe that caring is an integral component of an organization and encourage to demonstrate every day by expressing and accepting caring in our professional relationships. Cultivating a caring company culture makes a difference. First impression creates a big impact.

**WE CARE ABOUT OUR CUSTOMERS** - Through our talents, passion and hard work, we constantly push ourselves to connect with others, focus on responding with compassion, and arrive every day inspired to make an impact. To create a Solid Brand Story, we must show customers that we care about their experience and respect them as people.

**WE CARE ABOUT OUR COMMUNITIES** — We aim to make a difference in the communities where we work and live. Our commitment to corporate social responsibility makes a positive impact by strengthening our connections.

## 6. Sincerity

It is embedded in our values that sincerity is a strength which allows us to build credibility in the workplace. It is a tremendous asset for an organization, and we always urge employees to portray their sincerity at the workplace. Employees are empowered to find the best and most sincere path to handle tasks and solve issues. This allows us to always see our relationships as collaborative and never adversarial. Since 'sincerity' gives the confidence,

- We are able to attract more clients

- Our employees trust us more

- People want to work for us again and continuously

- We build stronger relationships with your partners and suppliers

- We are respected by others who know that sincerity is a core value

## 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.





# **CORPORATE PROFILE**



AYA 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 universal bank. With regard to its portfolio, the paid up capital of AYA Bank stood at MMK (140) Billion, assets at MMK (7) Trillion and equity at MMK (309) Billion. AYA Bank is the country's second largest bank with more than (3.2) million customers and (265) 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.

As a member of the United Nations Global Compact (UNGC), AYA Bank is committed to implement global standards in corporate governance and compliance best practices in its management and operations. Consequently, since 2014-15, AYA Bank is IFRS compliant and audited under International Standards of Auditing (ISA) by a big-four international firm. To enhance control mechanism and safeguard the tax independence, separate external audit firm analyzes the Bank's non-financial data. Furthermore, along our commercial venture, AYA Bank has engaged with professional consultancy firm for non-audit services to meet legal requirements, contractual requirements and achieve strategic business insights. The bank has also attracted and retained talented staff with both domestic and international exposure and has invested significantly in Learning & Development as a way to ensure long-term sustainable growth for the communities it serves.

In Myanmar, we are the leading provider of Auto Loan Product, with the market share of 34% in new car lending market. Taking the drive to cashless transactions and payments, AYA Bank has transformed 52% of active customers to Digital Banking. Our primary business strategy is to provide comprehensive banking and related financial solutions through the initiatives of enabling growth and enriching lives. Management consistently creates significant value to strategic investment partners, driven by digitalization, human resource development, innovative products and services across all customer segments. The bank continues to focus on deepening relationships with customers, providing best-in-class customer service, and leveraging technology as the enabler to rapidly expand the customer base. The bank also aims to further strengthen its governance, risk and compliance structure as a measure to ensure balance and sustain growth.



# **CORPORATE MILESTONE**

## 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

**July**

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"

## 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 2015 by World Finance  
Most Sustainable Bank 2015 by World Finance  
Best Private Bank 2015 by World Finance



Best Private Bank 2013 by World Finance

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





# **BOARD COMMITTEES**

Committee meetings were conducted in budget year 2021-2022 as follows:

Meeting Title	No. of Meetings
Board Committee	10
Executive Committee	24
Board Audit Committee	8
Board Risk And Compliance Committee	5
Board Nomination and Remuneration Committee	1
Assets and Liabilities Committee	6
Credit Committee	10
HRC Committee	6
Product and Business Development Committee	3
Purchasing Committee	11
Corporate Social Responsibility Committee	4
Health & Safety Committee	4

All board members require compulsory attendance to meetings of Board of Directors if there is no reasonable cause. Board members are required to attend at least 75% of all regularly scheduled meetings. Corporate Affairs Section 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 2021-2022, the board

The attendance of management at meetings of board committees during the financial year 2021-2022 is shown in the table below.

Board of Directors and members of Board Committees	Board Of Directors Meeting	Executive Committee Meeting	Board Audit Committee Meeting	Board Risk and Compliance Committee Meeting	Board Nomination and Remuneration Committee Meeting	Asset Liability Committee	Credit Committee
Number of meetings held	10	24	8	5	1	6	10
U Zaw Zaw	10						
Daw Khin Saw Oo	10	24			1	6	
U Than Zaw	10	24	8	5		6	10
Daw Htay Htay Khaing	10						
Daw Khin Ma Ma	10	23		5	1	6	10
U Myint Zaw	10	23		5		6	10
Daw Jasmine Thazin Aung		22				6	10
U Nyein Chan Soe Win		24					
Prof Dr Aung Tun Thet	10				1		
U Min Sein	10		6	5			
U Tin Latt	10		8				
U Ko Ko Oo		24	7	5		6	10
U Min Wint Oo		24					
Daw May Myat Thu		21				6	9





# **CHAIRMAN MESSAGE**

Dear Shareholders,

It gives me immense pleasure to present to you AYA Bank's Annual Report for the Financial Year 2021-2022. In a year that has been marked by an unprecedented global scenario, I am proud to report that AYA Bank has stood firm, demonstrating our commitment to resilience and innovation.

This past year has indeed been one of significant challenges. However, it has also been a year of resilience, transformation, and growth. Despite the continuing economic uncertainties resulting from the global pandemic, we have managed to achieve a net profit of MMK 31 billion, a testament to the robustness of our operations and the steadfast commitment of our team.

We have continued to harness the power of technology to deliver seamless and innovative financial solutions to our clients, with a particular emphasis on enhancing our digital capabilities. Our efforts to provide superior customer experience in the digital space have paid off, with an increased number of customers engaging with us through our digital platforms.

Environmental, Social, and Governance (ESG) considerations have been a focal point of our strategy this year. We have launched several initiatives aimed at promoting sustainability and driving positive change in the communities we serve. Our commitment to these principles extends beyond mere compliance, as we believe they are fundamental to our long-term business success and our role in contributing to the development of a sustainable Myanmar economy.

Looking ahead, the uncertainties of the global economic landscape continue, but so does our resolve. We will continue to make strides in digital transformation, sustainable banking, and customer-centric services. Our ongoing commitment is to ensure that AYA Bank remains a robust, forward-looking institution that is responsive to the needs of its stakeholders.

I would like to express my deep gratitude to our customers for their loyalty, our employees for their dedication, our regulators for their guidance, and you, our shareholders, for your continued support. Your faith in our capabilities fuels our motivation to achieve more.

The journey ahead holds its own challenges and opportunities. Rest assured, with our collective efforts and relentless pursuit of excellence, we will continue to move forward, create value, and contribute positively to our society and economy.

Thank you for your ongoing support and trust.



# **BOARD OF DIRECTORS**



## U Zaw Zaw

*Myanmar  
Founder and Chairman  
(Non-Executive)*

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 Vice- President of Asian 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

*Myanmar  
Executive Chairman*

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 Ayeyarwady Bank (AYA Bank Ltd.). 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

*Myanmar  
Vice Chairman  
( Executive )*

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 fledging Bank to grow its brand and network in Myanmar. He also heads AYA Sompso 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 Htay Htay Khaing

*Myanmar  
Vice Chairman  
( Non-Executive )*

Daw Htay Htay Khaing has been the Co-Founder and Vice-Chairman of the Board of Directors since the Bank's inception in 2010. Daw Htay Htay Khaing had completed a Bachelor of Science in Mathematics awarded by the University of Yangon.

She demonstrated the high degree of commitment to the growth of AYA Bank. Her accolades do not stop here. She has contributed extensively to the welfare of women in various sectors and plays active roles as a Vice-Chairperson with the Myanmar Women Football Association and as a Trustee with the Myanmar Women Sports Association.



## Daw Khin Ma Ma

*Myanmar  
Executive-Director*

Daw Khin Ma Ma is a member of the Board of Directors of AYA Bank since 2010 and presently holds the position of Executive Director 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

*Myanmar  
Senior Managing Director*



U Myint Zaw is a member of the Board of Directors of AYA Bank. He has been appointed as Managing Director in 2017, and re-appointed as Senior Managing Director in 2021 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.

## Professor Dr. Aung Tun Thet

*Myanmar*  
*Independent Non-Executive Director*

Prof. Dr. Aung Tun Thet was appointed as Independent Non-Executive Director of AYA Bank in 2013, providing specialist advice in areas of Corporate Governance, Management, Human Resource and Corporate Social Responsibility (CSR) activities.

During his career, he built a wealth of working experience as a distinguished International and National Civil Servant in the United Nations as well as in Myanmar civil service. He is currently holding the portfolio as an advisor for the Government sector, business community and civil society organizations. He also plays the role as a management consultant in areas of Management, Leadership, Human Resources, Organizational Development and Corporate Governance for various companies.

He holds the position of Honorary Professor at University of British Columbia, Vancouver, Canada as well as Visiting Professor at Yangon University of Economics and Yangon University. Prof, Dr. Aung Tun Thet is a leading advocate of Corporate Governance and Corporate Social Responsibility (CSR) in Myanmar.



## U Min Sein

*Myanmar*  
*Independent Non-Executive Director*

U Min Sein was appointed as an Independent Non-Executive Director of AYA Bank in 2013. He is an accomplished lawyer who is an Advocate of the Supreme Court, a Certified Public Accountant and has been practicing law since 1972. He is the Managing Partner of U Min Sein Law Firm (Yangon), a member of Asia Law Alliance, in association with Christopher Bridges (Singapore). Within his illustrious Curriculum Vitae, he has served as legal advisor to the Embassies, Corporates and Multinational Companies in various industries.

As part of his contribution to the society, U Min Sein served as a lecturer in Commercial Law at the Auditor General's Office for twenty years and lecturer in Commercial law to Certified Public Accountant (CPA). He is a Founding Member and Management Committee Member of U Hla Tun Hospice, Cancer Foundation, a charitable organization in Yangon. He demonstrates high sense of duty and responsibility and serves in various capacities of the law across all functional areas at AYA Bank.



## Dr. Tin Latt

*Myanmar*  
*Independent Non-Executive Director*

U Tin Latt is an Independent Non-Executive Director (INED) of AYA Bank. He is a Certified Public Accountant (CPA) and graduated from Oxford Brooks University (UK). Having twenty years of professional experience in the auditing field, he brings a strong financial service background and extensive auditing experience to the Board.

He is the founder and Managing Director of Management and accountancy training and Managing Partner of MAT Audit and Professional Services, providing Governance, Risk and business advisory, and Auditing services. In 2011-2015, he worked as a member of Parliament commission for Legal affairs and special issues, Republic of the Union of Myanmar. He also published many articles and research papers in the field of risk management, auditing, quality and environmental management and financial management in local and international trade journals and magazines.



## Daw Jasmine Thazin Aung

*Myanmar*  
*Managing Director (Corporate Business)*

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 Sampo 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

*Myanmar*

*Managing Director (Digital Payments)*

U Nyein Chan Soe Win is the Managing Director for 'Digital Payments' 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 block chain Omni Channel Digital Commerce Platform in Myanmar and became CEO and CTO.



## U Ko Ko Oo

*Myanmar*

*Senior Credit Risk and Compliance Officer*

U Ko Ko Oo was appointed as Senior Chief Risk and Compliance Officer at AYA Bank in 2018. He joined AYA Bank in 2010 since its inception and had taken various positions and responsibilities. He became Deputy Managing Director in 2014. 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

*Myanmar  
Chief Technology Officer*

U Minn Wint Oo is the Chief Technology Officer of AYA Bank and came on board in 2011. He is a member of the Executive Committee and IT Steering Committee.

As the Chief Technology Officer, Minn is the strategic founder and executive decision maker with regards to the technological advances of AYA Bank. He is 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. He has been exposed to the full range of various IT projects and functions within Myanmar Banking and IT Industry. For over 25 years, he has continuously contributed to Myanmar's digital transformation.



## Daw May Myat Thu

*Myanmar  
Chief Operating Officer*



Daw May Myat Thu has been on board the AYA Family since 2012 as the Head of Corporate Affairs Department and moved across different functional departments. She is now taking the position of the Chief Operating Officer of the Bank. She graduated with BSc (Hon) Economics and Management from London School of Economics and Political Science (University of London) and was awarded Master of Business Administration from Heriot-Watt University (Edinburgh Business School). Prior to joining the Bank, she has had more than 8 years of working experience in service industry.

Along her career at AYA Bank, May Myat Thu spearheaded the initiatives into getting AYA Bank to be the first Myanmar Bank to be part of the United Nations Global Compact membership and supported the Bank's rapid growth by creating equal job opportunities to all the communities in which the Bank operates in. Upon taking the role of the Chief Operating Officer in Mar 2020, though she has been through tough and challenging times, was able to manage over 250 branches across the country while putting the health and safety of stakeholders during pandemic period. Her current portfolio includes managing branches across the country, overseeing the fund and currency management as well as in supporting the new Core Banking Project.



## Daw Lwin Lwin Aung

*Myanmar*  
*Chief Financial Officer*

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).



## BOARD OF DIRECTORS



**U Zaw Zaw**  
*Founder and Chairman*



**Daw Khin Saw Oo**  
*Founder and Chairman*



**U Than Zaw**  
*Vice Chairman*



**Daw Htay Htay Khaing**  
*Vice Chairman*



**Daw Khin Ma Ma**  
*Executive Director*



**U Myint Zaw**  
*Chief Executive Office*



**Prof. Dr. Aung Tun Thet**  
*Independent Non-Executive Director*



**U Min Sein**  
*Independent Non-Executive Director*



**U Tin Latt**  
*Independent Non-Executive Director*

## EXECUTIVE COMMITTEE



**Daw Khin Saw Oo**  
*Executive Director*



**U Than Zaw**  
*Vice Chairman*



**Daw Khin Ma Ma**  
*Executive Director*



**U Myint Zaw**  
*Senior Managing Director*



**Daw Jasmine Thazin Aung**  
*MD, Corporate Business*



**U Nyein Chan Soe Win**  
*MD, Digital Payment*



**U Ko Ko Oo**  
*SCRCO*



**U Minn Wint Oo**  
*Chief Technical Officer*



**Daw Lwin Lwin Aung**  
*Chief Financial Officer*



**U Tin Maung Htay**  
*Director (Loan)*



# LEADING CAPABILITIES

## Key Statistics

**MMK 6.6 Trillion**  
Assets  
(2021-2022)

**MMK 334 Billion**  
Equity  
(2021-2022)

**MMK 140 Billion**  
Paid Up Capital  
(2021-2022)



# Welcome to AYA

"Your happiness, our business"

Welcome to the world of banking with AYA where our customers are our only priority. We value all our customers and take pride in offering fast and reliable banking services.

**COMPLIANCE**



**COMPLIANCE**

The compliance department is tasked with closely monitoring that, Bank's financial services businesses adhere to regulations and internal controls that adequately measure and manage the risks it faces. The department works to meet key regulatory objectives to protect investors, depositors and seek to reduce the business risk and financial crime. It also identifies risks that the Bank may faces and advises on how to avoid or address them.

AYA Bank has established compliance approach, policies and functions that contain the fundamental principles, legal and regulatory compliance, and financial reporting, to be followed by the Board, Management and Staff.

An independent compliance function is a key component of the Bank's second line of defense. This function allows monitoring that the Bank operates with integrity and in compliance with applicable, laws, regulations, and internal policies. The department will periodically review the effectiveness of the compliance function, including the process of monitoring for compliance with CBM laws and regulations and the results of management's investigations and follow-ups (including disciplinary action) of any fraudulent acts or non-compliance. They also review the findings of any examinations by regulatory agencies and any material correspondence with such agencies.

Similarly, it helps improving in compliance issues, act as a contact point within the bank for compliance queries from staff members and provide guidance to staff on the appropriate implementation. The areas focused by the compliance function includes bribery, money laundering, country sanctions, fair business dealing with the consumers, practices raising ethical issues and including those that could create reputational risk for the bank.





# RISK MANAGEMENT

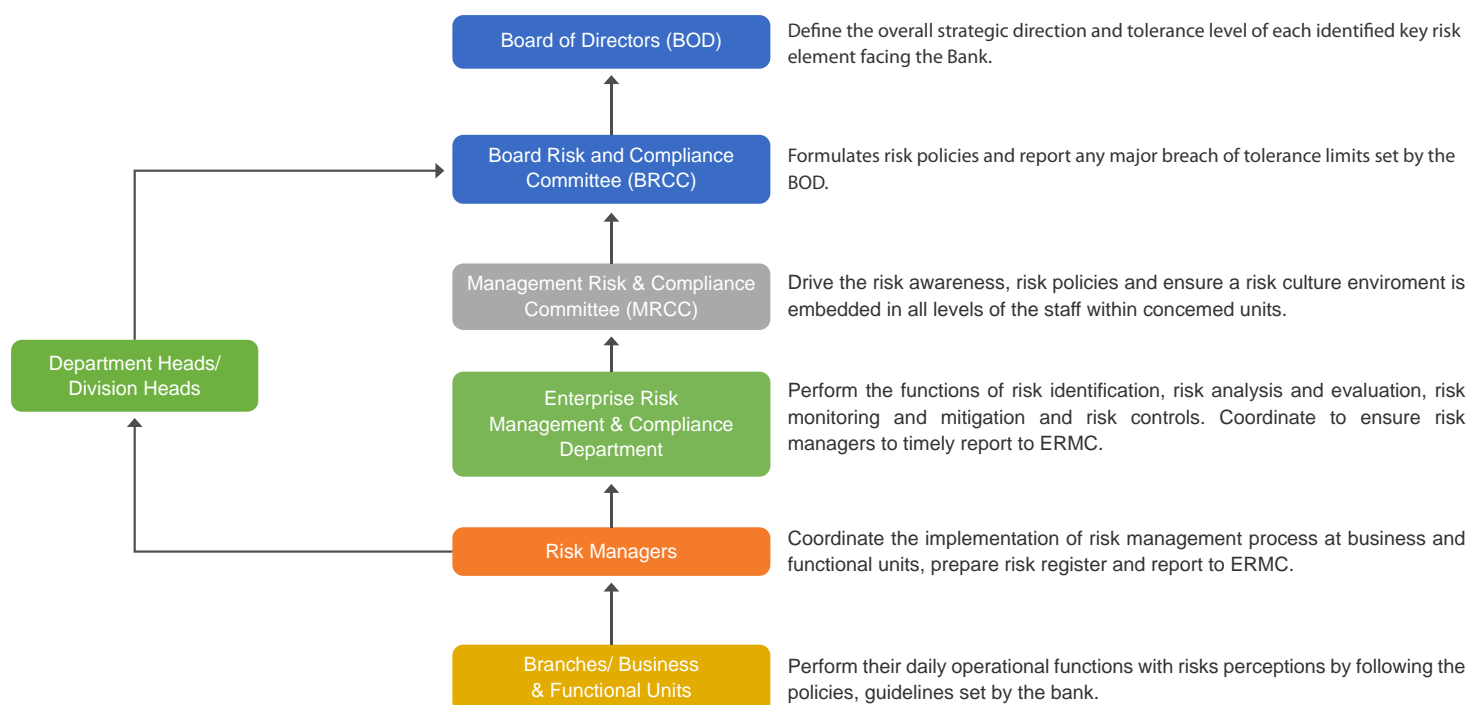
## Risk Management

AYA Bank recognizes that an effective risk management system must be in place to mitigate various risks to the bank operations. AYA Bank adopts the risk management policy to affirm its awareness of the need to establish a program for Enterprise Risk Management (ERM).

The Board further commits to provide sufficient personnel and other resources to ensure full implementation of an enterprise risk management program. AYA Bank will maintain an Enterprise Risk Management policy and framework to coordinate many aspects of risk. ERM policy does not replace any existing risk and compliance program but serves to provide a cohesive umbrella for all the risk management programs currently in place.

## Risk Governance

### Reporting Lines of Risk Management Function



## Board Risk and Compliance Committee (BRCC)

ARCC (Audit, Risk and Compliance Committee) was formed in 2014. It was upgraded to Board level in 2018 and divided into two committees: Audit Committee (AC) and Board Risk and Compliance Committee (BRCC). BRCC assists the Board in fulfilling its oversight responsibilities with respect to the risk management, compliance as well as ethics and integrity according to the prevailing law and regulations. In fulfilling its oversight responsibilities, the Committee will perform duties and responsibilities as delineated in the Risk and Compliance Committee Charter.

The responsibilities of Board Risk and Compliance Committee are to:

- Formulate policies relating to risk management that are consistent with the strategic direction and overall risk appetite as set by the Board of Directors.
- Ensure that the Senior Management operates within the risk tolerance limits set and to recommend changes as and when appropriate in line with any significant changes in internal and external environment.
- Monitor and regular review of the effectiveness of Risk Management Policy.

## Management Risk and Compliance Committee (MRCC)

Management Risk & Compliance Committee (MRCC) was established by BRCC on 2nd May 2019. The Committee is formed by appointing Risk Managers at each unit of the Bank to track and address the various risks in a timely manner.

The roles and responsibilities of the Committee is to:

- Provide advice to and report to BRCC on all relevant matters pertaining to possible risks,
- Assist BRCC on setting up Risk Management Policy, Framework and Risk Tolerance Limit for the Bank,
- Oversee the adequacy of the controls established by Senior Management,
- Ensure that proper process in place for the Chairman of the Board and BRCC is immediately informed of any material non-compliance matter or material litigation,
- Obtain information from, and access to Management,
- Ensure all the risks are properly addressed within a specified time limit and Bank's risk tolerance level.

## Management Risk and Compliance Committee (MRCC)

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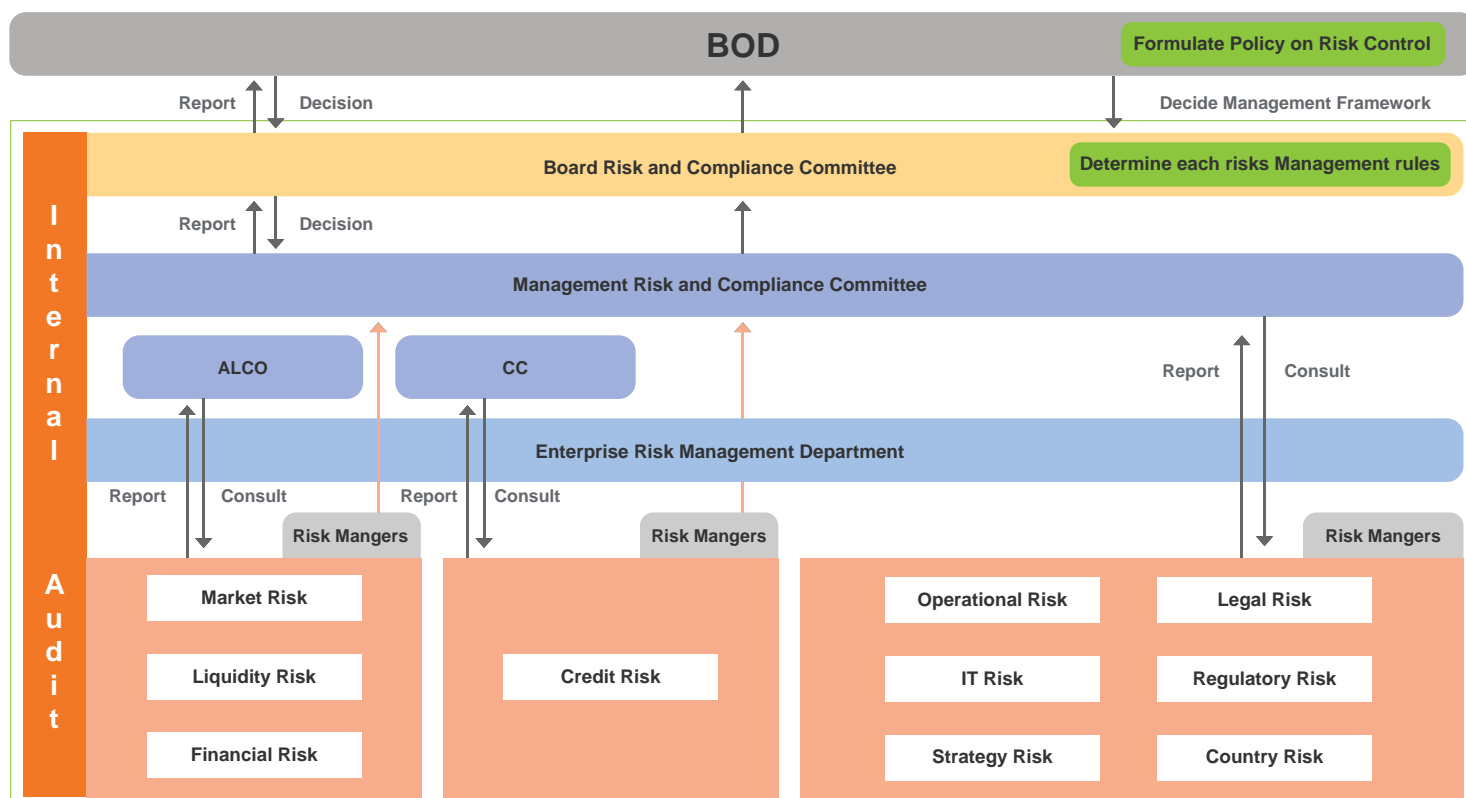
## Enterprise Risk Management Department

Enterprise Risk Management Department is responsible for AYA Bank's Enterprise Risk Management (ERM) framework and advising risk management across the branches and all Bank's business operations.

The role & responsibilities of ERMC Department are to:

- Identify and manage areas of potential risk and to safeguard the assets of the Bank and its shareholders,
- Assess whether the right risks have been identified and are appropriately managed,
- Understand current areas of greatest risk (financial and non-financial) and review these areas on a regular basis,
- Obtain regular updates from management, the Bank's legal counsel, auditors, and any external parties, as deemed appropriate, regarding audit, financial reporting, risk management.
- Review the adequacy of the Management Information & Intelligence Systems for appropriate management of the Bank's customers, business – e.g., risks and profitability,
- Review and monitor the effectiveness of the Bank's controls in the areas of credit, operational and financial risks.

## Risk Management Framework



AYA Bank has developed an Enterprise Risk Management Framework that is based on CBM's Risk Management Guideline standards and encompassing all risks that the Bank is facing internally or externally under different categories such as strategic, operational, sectoral, legal and compliance risks including ESG and cyber security risks. The framework prescribes detailed procedures and guidelines for contextualization of risks by linking it to strategic objectives, identification, assessment, mitigation, any internal controls, communication, monitoring and governance.

Appropriate risk indicators are used to identify risks proactively. The framework takes knowledge of risks faced by key stakeholders and the multiplied impact of the same on the organization which may impact business continuity while framing risk responses.

Risk management is a decision-enabler which not only seeks to minimize the impact of risks but also enables effective resource allocation based on the risk impact ranking and risk appetite.

Bank's strategic decisions are taken after careful consideration of risks and opportunities. The framework prescribes approaches to identify and measure primary, secondary, consequential, and residual risks which will enable efficient decision making.





# **DIGITAL CHANNELS**

### **Tax payment service integration with Max 7**

In late 2020, the Internal Revenue Department (IRD) started the online tax payment project for the corporate tax payment for large, medium, and small taxpayers due to the COVID pandemic. AYA Bank followed the IRD instructions to integrate with the tax payment service system even though Bank has a migration time from Max 7 to Essence 7.

### **Interbank transfer service integration with Max 7**

To provide better customer service and meet market requirements, Bank integrated with CBM-NET interbank system for twenty-five sd, which is more available receiver banks until now if we compare with our competitors. The interbank bank service is available for retail and corporate channels. So, our customers are convenient to transfer to other banks online. It is a beneficial service during the COVID pandemic for our customers.

### **Smart E-Banking Management System (SEMS) backwards integration with Essence 7**

While Bank migrated from Max 7 to the Essence 7 core banking system, Bank analyzed that retail customers still need to use Mobile Banking 2.0, which is the latest version, because customers enjoyed Mobile Banking 2.0. Then, Bank decided to integrate with the Smart E-Banking Management System (SEMS).

## **Fusion Banking Corporate Channels go live for corporate customers**

After the migration of Essence 7, Bank decided to launch Fusion Banking Corporate Channels (FBCC) to provide new features such as online cheque book requests, bulk upload for managing beneficial (payee) and opening the term deposit account. Now, corporate customers are willing to use FBCC internet banking portal.

## **Mobile banking Version 2.2.5**

In March 2022, AYA Bank launched the interbank transfer and a prepaid card top-up service in Mobile Banking version 2.2.5. So, retail customers can transfer to other banks and prepaid card top-up at their fingertips. In addition, AYA Bank updated for security enhancement, performance optimization and bug fixed in Mobile Banking version 2.2.5.

## **New Business Calls & Current Accounts**

As per market requirements and customer needs, Bank enabled a new business call account transfer services in retail and corporate banking channels. In the meantime, Bank also delivered the current account transfer service in corporate banking

## **Process improvement for online customer onboarding**

To become more customer satisfaction, Bank must increase the onboarding service's turnaround time when customer request. Therefore, Bank arranges the onboarding on the same business day when a customer applies for the new products - Shwe O and Set Set Su.

## **Enhancement of mobile banking and upgrading SEMS backend**

To deliver a positive customer experience and service quality, we made some enhancements and improvements in retail channels; customers can pay for some new corporate billers and differentiate based on the new payment order email template. Bank new email template shall be more secure and recognized. In order to update the above services, Bank was upgrading, enhancing and improving the performance of our backend Smart E-banking Management System (SEMS).

# HEAD COUNT

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







# **SMALL AND MEDIUM ENTERPRISES**

In line with the Small and Medium Enterprises (SME) Development Policy, 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**

Beginning with 2020, the 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.

The Banking Operation and System Support Unit is mainly responsible for providing system support for the banking operation process, system configuration, supporting customized reports, and solving system and user issues. For the CORE Banking system migration in 2021-22 as part of branch transformation, System Support participated in various roles. After the migration period, it provided real-time support to resolving user issues as the new system came into use at the branches. In 2021-22, new products were developed and new charge codes were created, as operations expanded into other new bank branches. In addition, customized reporting was made possible and a large number of configurations relating to the E7 system were successfully implemented. As for the operation of Phase II processes, Systems Support works with the product owners concerned to carry out testing and complete configurations. At each version upgrade, regular testing was implemented, including that of new functions for branch operations, if any. The Unit also prepares Work Instructions (WIs) and works with the Vendor/IT team to support the resolution of issues, or identify workaround solutions. It also sends out notifications when there are system changes. As balanced and timely undertaking of both operations and system support is important, the entire staff works together as a cohesive team and gives priority to real-time completion of tasks.





# **LEARNING AND DEVELOPMENT DEPARTMENT**

The main purpose of the Learning and Development Department at Ayeyarwady Bank is to support effective training for long-term sustainable success and capacity development, while ensuring that the staff has the capabilities and skills needed for the transformation processes in keeping with the rapidly changing times.

### **The Aspiration, Strategy and Skill Requirements of Ayeyarwady Bank**

To achieve its aspiration to be “No. 1 in Customer Service”, Ayeyarwady Bank implemented strategies in 2021-22, with the Learning and Development Department initiating programmes for the preparation and development of capable staff to support the implementation of those strategies.

#### **(a) Development and Adaptation of Learning Platforms**

To enable Ayeyarwady Bank staff in diverse locations to take courses and join knowledge sharing programmes regardless of time and location, easily accessible and up-to-date knowledge and skills courses are made available through the SharePoint Portal with the support of experts in the departments concerned.

In addition, a work plan is being developed to implement a Learning Management System (LMS) and an online learning library which will play a significant role in effective learning.

The L&D staff received preparatory training to operate those platforms and systems skillfully. The operational formats were implemented to support awareness, desire to learn and buy-in by the staff, which are essential for full utilization.

### **(b) Strengthening the L&D Function**

To empower utilization of effective and innovative lessons and teaching methodologies as required in line with the changing skill requirements and learning modes, Learning Technology Team, Learners' Engagement Team and Reporting and Measurement Team have been formed, strengthening support for the necessary transformation of the Operating Model with the guidance and support of Senior Management, in order for the staff to receive real-time support for learning at their convenience and to enable measurement of training efficacy and bring about the necessary development.

### **(c) Programmes and Training Courses**

In 2021-2022, programs and training courses were planned and organized to upgrade the knowledge and skills needed for various tasks and provide retraining, taking into account the changing technologies, systems, and structures while also focusing on mind-set and competency training to enable the staff to provide the best service possible as reliable partners.

The Learning and Development Department implemented lessons and modes of learning as an effective "L&D Portfolio" that makes full use of technology, consisting of Learning for All and Role-based Training programmes.

- Learning for All programmes include essential lessons relating to bank operations conducted by members of the senior management of Ayeyarwady Bank, leadership training, compliance awareness programmes, services available at the bank, knowledge of systems and processes, department-specific and knowledge sharing programmes.
- To meet the skill requirements, department-specific in-house programmes including role-based training are organized, in addition to cooperation with external training providers, and external training arrangements at universities and bank training institutions.
- In 2021-2022 Financial Year, the programme design for certified branch manager programme was developed in cooperation with Strategy First University with the aim of enabling the in-charges and deputy in-charges at bank branches to achieve improvements in service provision and to identify ways to address everyday challenges and resolve leadership and administrative issues, and of helping them become business managers capable of expanding and developing the business of the bank branch.

In conclusion, L&D Department reviewed and further developed the training programmes pioneered in the post-2020 period that strove to turn difficulties into opportunities to implement effective training that builds staff capacity and contributes to the achievement of Ayeyarwady Bank's aspiration to be No. 1 in Customer Service.





**CORPORATE SOCIAL  
RESPONSIBILITY**

AYA Bank is strongly committed to develop a wide range of corporate social responsibility programs covering a broad spectrum of compiled social, economic, and environmental issues often associated with rapidly changing society in which we operate.

CSR allows the Bank to demonstrate our values, engage our employees and communicate with the public about how we operate and the choices we make, to ensure a sustainable future. AYA Bank's CSR policy creates and promotes behavior that generates value 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.

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.

## Community

• **Environment:** AYA Bank has developed environmental policies that allow fulfilling our commitment to the environment. We implemented a monitoring mechanism to ensure that rules and regulations on environmental impact are adhered by employees, suppliers and vendors.

AYA Bank introduced 'SME Green financing' to finance the Sustainable Manufacturing Projects to support transition to clean energy and environmental benefits. Tree planting program, energy saving and paperless internal system within organization were conducted continually. We promotes environmentally friendly practices and reduce our carbon footprints from our banking activities.

• **Health and Safety:** AYA Bank is actively participating not only in the development of health sector in the country but also the social welfare activities by organizing awareness campaigns. We have been participating in measures against COVID-19 and doing its upmost to combat pandemic. 'Wear a Mask Campaign' was organized and distributed face masks packs to the public.

Blood donation campaign was organized continually for employees' blood donation to National Blood Centre of Myanmar for blood reserve. In this context, we work with local hospital, dispensaries, Red Cross, and other civic association providing healthcare services to public whether these entities are public, private or NGO. We extended our effort to organize road safety campaign in collaboration with our partner companies.

• **Education:** AYA Bank initiates its CSR activity in Education, touches lives of students and teachers across the country. We work with local schools, colleges, and universities to assist the education for young generation. Education loan is provided to students who want to study for Certificate, Diploma and Bachelor, with an aim to carry on with our commitment to social and economic development of the underprivileged society.



## For Employees

We are committed to create a better workplace where genders have equal rights. We received the globally recognized EDGE Certificate for Gender Equality awarded by Business Coalition for Gender Equality (BCGE) Association.

For staff personal development, AYA Bank organized Learning & Development programs to enhance their skills to go above and beyond. Staff flexible working hours is also initiated for staff joining part time education programs.

Since health crisis derived from the COVID-19 pandemic, AYA Bank accelerated digitalization for internal procedures and customer services. It significantly reduces physical contacts as well as enhances paperless banking. AYA Bank also implemented 'Sharing with Care' program to provide necessities to non-clerical staff. As a humanitarian response, AYA Bank took care not only of the staff but also of their family by providing additional cash, and quarantine facility arrangement together with 'family care package' and 'healthcare package' in the case of staff tested COVID-19 positive. The Bank has rolled out COVID-19 vaccination campaign four times for staff to help our people maintain strong protection from coronavirus disease.

Not only at present time but along the CSR journey,

- AYA adopts the business code of ethics. A business code of ethics will outline employee conduct on issues such as ethics, values, environment, diversity, and employee respect and customer service.
- AYA creates a clear workplace health and safety program to protect employees and prevent accidents and injuries. It will also help to ensure we are compliant with government legislation on health and safety.





# FINANCE

DATA

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25%

# FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

**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**

<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	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.

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

T +951 370500

F +951 370501

E info@ayabank.com.mm

www.ayabank.com

www.facebook.com/ayabank



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) 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: 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
<b>ASSETS</b>			
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
<b>Total Assets</b>		<b>6,582,664.6</b>	<b>7,096,969.7</b>
<b>LIABILITIES</b>			
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
<b>Total Liabilities</b>		<b>6,248,461.5</b>	<b>6,794,518.1</b>
<b>EQUITY</b>			
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
<b>Total Equity</b>		<b>334,203.1</b>	<b>302,451.6</b>
<b>Total Liabilities and Equity</b>		<b>6,582,664.6</b>	<b>7,096,969.7</b>
<b>OFF-BALANCE SHEET</b>			
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  
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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**Period Ended March 31, 2022**


<i>Kyats in million</i>	Note	<b>October 1, 2021 to March 31, 2022</b>	<b>October 1, 2020 to Sep 30, 2021</b>
Interest income	28	246,646.3	507,431.0
Interest expense	28	(171,601.9)	(412,994.1)
<b>Net interest income</b>		<b>75,044.4</b>	<b>94,436.9</b>
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
<b>Net non-interest income</b>		<b>25,309.6</b>	<b>65,955.3</b>
<b>Total income</b>		<b>100,354.0</b>	<b>160,392.2</b>
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)
<b>Total expenses</b>		<b>(59,828.9)</b>	<b>(123,505.4)</b>
<b>Profit before tax</b>		<b>40,525.1</b>	<b>36,886.8</b>
Income tax expense	34	(8,773.7)	(5,098.7)
<b>Net profit for the period representing total comprehensive income for the period</b>		<b>31,751.5</b>	<b>31,788.2</b>

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

On behalf of the Board of Directors,



-----  
 Myint Zaw  
 Chief Executive Officer  
 Ayeyarwady Bank Limited



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 Than Zaw  
 Vice Chairman  
 Ayeyarwady Bank Limited



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 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
<b>Balance at October 01, 2020 (IFRS)</b>					
Issued shares	24	130,000.0	99,901.6	29,857.2	259,758.8
Total comprehensive income for the year		10,000.0	-	-	10,000.0
Prior Year Adjustments		-	-	31,621.9	31,621.9
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
<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>
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)
<b>Balance at March 31, 2022</b>		<b>140,000.0</b>	<b>116,656.9</b>	<b>77,546.2</b>	<b>334,203.1</b>

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

On behalf of the Board of Directors,



Myint Zaw  
 Chief Executive Officer  
 Ayeyarwady Bank Limited

Date: October 31, 2022



Khin Saw Oo  
 Executive Chairman  
 Ayeyarwady Bank Limited

**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
<b>Cash flows from operating activities</b>			
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>
<b>Changes in</b>			
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)
<b>Net cash from operating activities</b>		<b><u>(214,283.6)</u></b>	<b><u>(253,457.4)</u></b>
<b>Cash flows from investing activities</b>			
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
<b>Net cash used in investing activities</b>		<b><u>(14,381.3)</u></b>	<b><u>(24,886.5)</u></b>

**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
<b>Net cash used in financing activities</b>		<b>29,410.9</b>	<b>270,317.3</b>
<b>Net increase in cash and cash equivalents</b>		<b>(199,254.0)</b>	<b>(8,026.6)</b>
Cash and cash equivalents at beginning of the period		586,699.9	594,726.5
<b>Cash and cash equivalents at end of the period (Note 8)</b>		<b>387,445.9</b>	<b>586,699.9</b>

*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

## **AYEYARWADY BANK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Period ended March 31, 2022**

#### **1. GENERAL**

Ayeyarwady Bank Limited (the "Bank") is a private limited banking 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.

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.

As at March 31, 2022, the Bank has established two hundred and sixty-five (265) branches all in Myanmar.

#### **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.

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



NOTES TO THE FINANCIAL STATEMENTS  
Period ended March 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES ( CONT'D)

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

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 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.

## AYEYARWADY BANK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Period ended March 31, 2022

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

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.

**2.3 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.



## AYEYARWADY BANK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Period ended March 31, 2022

#### 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 recognised 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 recognized.



**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.

## AYEYARWADY BANK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Period ended March 31, 2022

#### 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*.

<b>Classification of loans and advances</b>	<b>Days past due</b>	<b>Provisions on shortfall in security value</b>
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.

## AYEYARWADY BANK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS Period ended March 31, 2022

#### 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.



## AYEYARWADY BANK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS Period ended March 31, 2022

#### 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.



## AYEYARWADY BANK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Period ended March 31, 2022

#### 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.

## **AYEYARWADY BANK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Period ended March 31, 2022**

#### **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.

## **AYEYARWADY BANK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Period ended March 31, 2022**

#### **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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Period ended March 31, 2022**

**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



**2.16 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 2.5.6 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.

## **AYEYARWADY BANK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Period ended March 31, 2022**

#### **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 2.5). 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.

**AYEYARWADY BANK LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**Period ended March 31, 2022****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>	<b>March 31, 2022</b>	<b>September 30, 2021</b>
<b>Financial assets</b>		
Loans and receivables:		
Cash and cash equivalents	550,299.9	811,915.9
Placement with other financial institutions	167,132.0	4,000.0
Held-to-maturity investments		
Government securities	2,316,891.7	2,656,302.6
Available-for-sale financial assets		
Unquoted equity share	2,393.6	2,393.6
Loan and advances, net	2,944,409.8	3,024,353.6
Bills receivable	77,215.5	86,844.7
Other assets	77,276.1	75,025.1
	<b>6,135,618.6</b>	<b>6,660,835.4</b>
<b>Financial liabilities</b>		
At amortised cost:		
Borrowing from state banks	300,000.0	270,000.0
Deposit from banks	23,250.9	38,755.6
Deposit from customers	5,565,462.4	6,243,436.2
Repurchase agreement	100,617.2	-
Other liabilities	141,089.0	147,599.8
Subordinated debt	71,120.0	77,084.0
Lease liabilities	11,395.9	11,985.0
	<b>6,212,935.3</b>	<b>6,788,860.6</b>

**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 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Period ended March 31, 2022

#### 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>	<b>March 31, 2022</b>	<b>September 30, 2021</b>
Cash and cash equivalents	325,069.9	642,010.1
Placement with other financial institutions	167,132.0	4,000.0
Investment securities	2,319,285.3	2,658,696.2
Loan and advances	2,944,409.8	3,024,353.6
Bills receivable	77,215.5	86,844.7
Other assets	77,276.1	75,025.3
Investment property	3,555.8	-
<b>Off-Balance Sheet</b>		
Contingent liabilities	242,745.9	130,386.5
Undrawn loan commitments	142,615.2	136,347.1
<b>Total maximum exposure to credit risk</b>	<b>6,299,305.6</b>	<b>6,757,663.4</b>

##### 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, 2022, 98% (September 30, 2021: 98%) of the carrying amount of loans and overdrafts as disclosed in note 11 are backed by tangible, realisable collateral and credit enhancements.

**AYEYARWADY BANK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**Period ended March 31, 2022**

**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>	<b>March 31, 2022</b>	<b>September 30, 2021</b>
Agricultural	14,075.8	14,098.0
Construction	523,035.6	577,461.8
Livestock	21,978.3	21,758.8
Manufacturing	356,039.3	300,372.5
Service	605,677.6	606,192.8
Trading	1,074,649.0	1,082,581.9
Transportation	57,791.8	73,897.5
	<b>2,653,247.4</b>	<b>2,676,363.4</b>
General		
Hire Purchase	329,986.9	385,266.1
Staff Loans	1,982.4	2,215.7
Short Term Loans to Foreign Banks	-	-
IBD(Trade to overdraft)	129.7	1,732.3
Credit Cards to Customers	41,772.3	36,493.5
Others	9,497.1	688.3
	<b>383,368.4</b>	<b>426,395.8</b>
	<b>3,036,615.8</b>	<b>3,102,759.2</b>
Interest in suspense	(12,746.7)	(8,540.7)
Specific allowance	(79,459.3)	(69,864.9)
<b>TOTAL</b>	<b>2,944,409.8</b>	<b>3,024,353.6</b>

**5.1.3 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, 2022.

<i>Kyats in million</i>	<b>March 31, 2022</b>	<b>September 30, 2021</b>
Standard	1,935,553.3	1,720,606.4
Watch	28,662.2	29,497.0
Sub-standard	168,238.7	313,495.4
Doubtful	32,569.9	15,968.8
Loss	871,591.7	1,023,191.7
Interest in suspense	(12,746.7)	(8,540.7)
Less: Specific allowance	(79,459.3)	(69,864.9)
	<b>2,944,409.8</b>	<b>3,024,353.6</b>

**AYEYARWADY BANK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Period ended March 31, 2022**

**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, 2022	September 30, 2021
Current and Standard	-	-
Watch	0.2	0.2
Sub-standard	-	-
Doubtful	278.7	1,507.3
Loss	79,180.4	68,357.4
Balance at end of the year	<b>79,459.3</b>	<b>69,864.9</b>

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, 2022	September 30, 2021
Balance at beginning of year/period	69,864.9	39,051.8
Specific allowance recognised in profit or loss	20,179.4	33,325.6
Write-back of specific allowance	(10,585.1)	(2,512.5)
Balance at end of year	<b>79,459.3</b>	<b>69,864.9</b>

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, 2022	September 30, 2021
Current, Standard and not impaired	2,132,454.2	2,063,598.7
Past due but not impaired	904,161.6	1,039,160.5
Specific allowance	(79,459.3)	(69,864.9)
Interest in suspense	(12,746.7)	(8,540.7)
	<b>2,944,409.8</b>	<b>3,024,353.6</b>

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.



**5.2 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, 2022 and September 30, 2021 were 48.39% and 50.22% 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.

**AYEYARWADY BANK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Period ended March 31, 2022**

**5.2 Liquidity Risk (Cont'd)**

*Kyats in million*

**As at March 31, 2022**

**(Restated)**

**Assets**

Cash and cash equivalents  
 Placement with other financial institutions  
 Investment securities  
 Loan and advances  
 Bills receivable  
 Other assets  
 Investment property

	On demand or less than 3 months	3 months to 12 months	Over 1 year	No specific maturity	Adjustment	Total
	550,299.9	-	-	-	-	550,299.9
	49,830.5	117,591.1	-	-	(289.7)	167,132.0
	54,989.2	670,597.3	2,005,947.7	2,393.6	(414,642.5)	2,319,285.2
	1,097,921.6	1,070,947.7	1,140,371.7	-	(364,831.1)	2,944,409.8
	77,215.5	-	-	-	-	77,215.5
	76,697.7	-	578.4	-	-	77,276.1
	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 state bank  
 Deposits from banks  
 Deposits from customers  
 Repurchase agreement  
 Other liabilities  
 Lease liabilities  
 Subordinated debt

	(305,293.2)	-	-	-	5,293.2	(300,000.0)
	(23,250.9)	-	-	-	-	(23,250.9)
	(4,415,414.5)	(1,117,008.8)	(359,420.4)	-	326,381.3	(5,565,462.4)
	(101,136.8)	-	-	-	546.3	(100,590.5)
	(139,599.1)	-	(1,489.9)	-	-	(141,089.0)
	(3.0)	(1,385.4)	(10,007.5)	-	-	(11,395.9)
	-	-	(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)
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**Off-Balance Sheet**

Contingent liabilities  
 Commitments

	(194,764.8)	(43,351.3)	(4,629.8)	-	-	(242,745.9)
	(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)
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**Net Liquidity Gap**

	<b>(3,322,501.9)</b>	<b>627,554.9</b>	<b>2,681,000.7</b>	<b>2,393.6</b>	<b>(447,542.5)</b>	<b>(459,095.3)</b>
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**AYEYARWADY BANK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Period ended March 31, 2022**

**5.2 Liquidity Risk (Cont'd)**

*Kyats in million*

**As at September 30, 2021**  
**(Restated)**

**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	811,915.9	-	-	-	-	811,915.9
Placement with other financial institutions	4,013.0	-	-	-	(13.0)	4,000.0
Investment securities	298,104.3	385,440.5	2,486,492.0	2,393.6	(513,734.3)	2,658,696.1
Loan and advances	1,164,542.9	1,003,022.8	1,292,979.4	-	(436,191.6)	3,024,353.6
Bills receivable	86,844.7	-	-	-	-	86,844.7
Other assets	74,646.6	-	378.5	-	-	75,025.1
	<b>2,440,067.5</b>	<b>1,388,463.3</b>	<b>3,779,849.9</b>	<b>2,393.6</b>	<b>(949,938.9)</b>	<b>6,660,835.4</b>

**Liabilities**

Borrowing from state bank	(271,139.2)	-	-	-	1,139.2	(270,000.0)
Deposits from banks	(38,755.6)	-	-	-	-	(38,755.6)
Deposits from customers	(5,229,323.3)	(1,015,906.3)	(343,998.0)	-	345,791.3	(6,243,436.3)
Other liabilities	(146,301.7)	-	(1,298.2)	-	-	(147,599.8)
Lease liabilities	(50.6)	(1,025.1)	(10,909.3)	-	-	(11,985.0)
Subordinated debt	-	-	(77,084.0)	-	-	(77,084.0)
	<b>(5,685,570.3)</b>	<b>(1,016,931.4)</b>	<b>(433,289.4)</b>	<b>-</b>	<b>346,930.5</b>	<b>(6,788,860.6)</b>

**On-Balance Sheet  
Liquidity Gap**

	(3,245,502.8)	371,531.9	3,346,560.5	2,393.6	(603,008.4)	(128,025.2)
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**Off-Balance Sheet  
Contingent liabilities**

Commitments	(82,407.5)	(28,648.1)	(19,330.9)	-	-	(130,386.5)
	(82,359.4)	(42,543.6)	(48,329.1)	-	-	(173,232.1)

**Off-Balance Sheet  
Liquidity Gap**

	(164,766.9)	(71,191.7)	(67,660.0)	-	-	(303,618.6)
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**Net Liquidity Gap**

	<b>(3,410,269.6)</b>	<b>300,340.3</b>	<b>3,278,900.5</b>	<b>2,393.6</b>	<b>(603,008.4)</b>	<b>(431,644.1)</b>
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**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, 2022, the interest rates on loans are subject to the following maximum caps:

- Loans and advances: 10% - 11 % per annum (Sep 2021: 10%-11 % per annum)
- Overdraft: 9 % per annum (Sep 2021: 9% per annum)

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

- Saving deposits: 6.25 % per annum (Sep 2021: 6% per annum)
- Fixed deposits: 7-9.75 % per annum (Sep 2021: 7-8.5% per annum)
- Call deposits: 2% per annum (Sep 2021: 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.



**AYEYARWADY BANK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Period ended March 31, 2022**

**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
<b>As at March 31, 2022</b>						
<b>Assets</b>						
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
		<b>1,260,782.7</b>	<b>1,593,202.1</b>	<b>2,574,448.7</b>	<b>710,740.9</b>	<b>6,139,174.4</b>
<b>Liabilities</b>						
Borrowing from state 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	-	-	(71,120.0)	-	(71,120.0)
Lease liabilities	LIBOR+300BPS	(3.0)	(1,385.4)	(10,007.5)	-	(11,395.9)
	8.50%	<b>(4,168,912.5)</b>	<b>(1,042,295.6)</b>	<b>(381,897.7)</b>	<b>(619,829.5)</b>	<b>(6,212,935.3)</b>
		<b>(2,908,129.8)</b>	<b>550,906.5</b>	<b>2,192,551.0</b>	<b>90,911.4</b>	<b>(73,760.9)</b>
<b>Net Interest Gap</b>						

**AYEYARWADY BANK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Period ended March 31, 2022**

**5.2 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
<b>As at September 30, 2021</b>						
<b>Assets</b>						
Cash and cash equivalents	-	-	-	-	811,915.9	811,915.9
Placement with other financial institutions	8.50%	4,000.0	-	-	-	4,000.0
Investment securities	8.94%	294,413.4	363,112.3	1,998,776.9	2,393.6	2,658,696.1
Loan and advances	12.87%	1,096,572.3	852,337.2	1,075,444.1	-	3,024,353.6
Bills receivable	-	-	-	-	86,844.7	86,844.7
Other assets	-	-	-	-	75,025.1	75,025.1
		1,394,985.7	1,215,449.5	3,074,221.0	976,179.3	6,660,835.4
<b>Liabilities</b>						
Borrowing from state banks	7.00%	(270,000.0)	-	-	-	(270,000.0)
Deposits from banks	-	-	-	-	(38,755.6)	(38,755.6)
Deposits from customers	6.15%	(4,428,715.6)	(947,201.8)	(294,015.4)	(573,503.5)	(6,243,436.2)
Other liabilities	-	-	-	-	(147,599.8)	(147,599.8)
Subordinated debt	3M LIBOR+300BPS	-	-	(77,084.0)	-	(77,084.0)
Lease liabilities	8.75%10.25%	(50.6)	(1,025.1)	(10,909.3)	-	(11,985.0)
		(4,698,766.2)	(948,226.9)	(382,008.7)	(759,858.9)	(6,788,860.6)
<b>Net Interest Gap</b>		(3,303,780.5)	267,222.6	2,692,212.3	216,320.4	(128,025.2)

**AYEYARWADY BANK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Period ended March 31, 2022**

**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.

	USD	EUR	SGD	Others	Total
<i>Kyats in million</i>					
<b>As at March 31, 2022</b>					
<b>Assets</b>					
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
	<b>391,866.1</b>	<b>3,689.9</b>	<b>6,044.4</b>	<b>604.5</b>	<b>402,204.8</b>
<b>Liabilities</b>					
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)
	<b>(361,047.7)</b>	<b>(5,027.2)</b>	<b>(992.6)</b>	<b>-</b>	<b>(367,067.5)</b>
<b>Net Currency Gap</b>	<b>30,818.4</b>	<b>(1,337.4)</b>	<b>5,051.8</b>	<b>604.5</b>	<b>35,137.3</b>

**AYEYARWADY BANK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Period ended March 31, 2022**

**5.4 Currency risk (cont'd)**

*Kyats in million*

**As at September 30, 2021**

**Assets**

Cash and cash equivalents  
 Placement with other financial institutions  
 Loan and advances  
 Bills receivable  
 Other assets

	USD	EUR	SGD	Others	Total
	437,134.5	3,096.7	6,244.2	1,004.7	447,480.1
	-	-	-	-	-
	23,125.2	-	-	-	23,125.2
	24,926.6	-	-	-	24,926.6
	6,037.5	(5.3)	(0.6)	-	6,031.6
	491,223.8	3,091.4	6,243.6	1,004.7	501,563.5

**Liabilities**

Deposits from banks  
 Deposits from customers  
 Other liabilities  
 Subordinated debt

	(15,058.6)	(6.2)	(0.1)	-	(15,064.9)
	(324,099.3)	(7,680.5)	(1,038.4)	-	(332,818.2)
	(38,404.3)	(1,208.3)	(571.6)	-	(40,184.2)
	(77,084.0)	-	-	-	(77,084.0)
	(454,646.2)	(8,895.0)	(1,610.1)	-	(465,151.3)

**Net Currency Gap**

	<b>36,577.6</b>	<b>(5,803.6)</b>	<b>4,633.5</b>	<b>1,004.7</b>	<b>36,412.2</b>
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## AYEYARWADY BANK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS Period Ended March 31, 2022

#### 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>	<u>March 31, 2022</u> <u>September 30, 2021</u>	
USD	3,081.8	3,657.8
EUR	(133.7)	(580.4)
SGD	505.2	463.4
Others	60.5	100.5

## 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, 2022, the Bank reported a Tier 1 capital ratio of 7.17% (4% fixed by CBM) and capital adequacy ratio of 10.27% (8% fixed by CBM) based on the revised computation method.

## 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**  
**Period Ended March 31, 2022****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>	October 01, 2021 to March 31, 2022	October 01, 2020 to September 30, 2021
Directors' remuneration	1,211.8	1,843.1

**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>	October 01, 2021 to March 31, 2022	October 01, 2020 to September 30, 2021
<b>Transactions with related parties during the financial year:</b>		
Interest expenses paid/accrued	591.4	979.3
<b>Other payments to related parties during the financial year:</b>		
Payments for property, plant-and equipment	8,910.5	2,270.3
	March 31, 2022	September 30, 2021
<b>Balances from related parties as at the end of financial year:</b>		
Deposit held	4,319.5	3,677.7
<b>Investment with related parties as at the end of financial year:</b>		
AYA Trust Securities	1,500.0	1,500.0
<b>Receivable from AYA Trust</b>		
AYA Trust Securities	4,597.8	4,588.5

**AYEYARWADY BANK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Period Ended March 31, 2022**

**8 CASH AND CASH EQUIVALENTS**

<i>Kyats in million</i>	March 31, 2022	September 30, 2021
Cash on hand	225,230.0	169,905.8
Account with Central Bank of Myanmar	162,854.0	225,216.0
Account with foreign banks	156,335.9	409,465.7
Account with state-owned banks	4,431.4	4,452.5
Account with private and other banks	1,448.5	2,875.9
	<b>550,299.9</b>	<b>811,915.9</b>
Less: Cash and balances with central bank of Myanmar - restricted for 3% minimum reserve	(162,854.0)	(225,216.0)
	<b>387,445.9</b>	<b>586,699.9</b>

The Bank maintained balance of Account with Central Bank of Myanmar -Kyats 146,061.7 million, Cash on hand- Kyats 225,230.0 million and Account with Central Bank of Myanmar - United State Dollars 9.4 million as of 31 March 2022. Pursuant to the Central Bank of Myanmar ("CBM") Notification No.6/2021, Minimum Reserve Requirement is 3% of Myanmar kyats deposit balance and 5% of United State Dollars deposit balance which is equivalent to Kyats 160,308.4 million and United State Dollars 6.2 million in deposit account at Central Bank of Myanmar.

**9 PLACEMENT WITH OTHER FINANCIAL INSTITUTIONS**

<i>Kyats in million</i>	March 31, 2022	September 30, 2021
Placement with foreign banks	167,132.0	4,000.0
	<b>167,132.0</b>	<b>4,000.0</b>

**10 INVESTMENT SECURITIES**

<i>Kyats in million</i>	March 31, 2022	September 30, 2021
<u>Investment Securities</u>		
At amortised cost,		
- Government treasury bonds (Note 10.1)	2,316,891.7	2,395,145.6
- Government treasury bills	-	261,156.8
<b>Investment Securities cost</b>	<b>2,316,891.7</b>	<b>2,656,302.6</b>
<u>Unquoted equity shares</u>		
- AYA Trust Securities	1,500.0	1,500.0
- Myanmar Payment Union	200.0	200.0
- MB Investment Limited	693.6	693.6
<b>Unquoted equity shares at cost</b>	<b>2,393.6</b>	<b>2,393.6</b>
	<b>2,319,285.2</b>	<b>2,658,696.1</b>

**AYEYARWADY BANK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Period Ended March 31, 2022**

**10 INVESTMENT SECURITIES (CONT'D)**

**10.1 Government treasury bonds**

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

*Kyats in million*

	March 31, 2022	September 30, 2021
Reported balance	2,317,739.9	2,395,096.5
Adjustment for IFRS 9		
Impact on interest income and investment securities		
Prior year adjustment	49.2	(63.1)
Current year adjustment	(897.4)	112.3
Balance (IFRS)	<b>2,316,891.7</b>	<b>2,395,145.6</b>

The impact of the adoption of IFRS 9 on the half year of 2022 and full year of 2021 results are as follows:

*Kyats in million*

	2022 MFRS as	IFRS 9 impacts	2022 IFRS as
<b>Income statements</b>			
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
<b>Statement of financial position</b>			
Investment securities	2,317,739.9	(848.2)	2,316,891.7
Retained earnings	84,664.6	(702.3)	83,962.3

*Kyats in million*

	2021 MFRS as	IFRS 9 impacts	2021 IFRS as
<b>Income statements</b>			
Interest income (Note 28)	507,318.7	112.3	507,431.0
Total comprehensive income for the year	31,621.9	112.3	31,734.2
<b>Statement of financial position</b>			
Investment securities	2,658,646.9	49.2	2,658,696.1
Retained earnings	60,829.3	49.2	60,878.5



**AYEYARWADY BANK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Period Ended March 31, 2022**

**11 LOANS AND ADVANCES**

<i>Kyats in million</i>	March 31, 2022	September 30, 2021
Demand loans	2,262,332.9	2,274,240.6
Overdrafts	400,541.3	404,543.3
Hire purchase	329,986.9	385,266.1
Staff loans	1,982.4	2,215.7
Credit card receivables from customers	41,772.3	36,493.5
Interest in suspense (Credit Card Only)	(12,746.7)	(8,540.6)
Loans and advances, gross	3,023,869.1	3,094,218.5
Less: Specific allowance	(79,459.3)	(69,864.9)
Loans and advances, net	<b>2,944,409.8</b>	<b>3,024,353.6</b>

During the year, the Bank had provided the specific allowance amounting 9,594.3 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**

<i>Kyats in million</i>	March 31, 2022	September 30, 2021
Interest receivable	327,503.6	296,900.0
Interest in suspense	(176,908.0)	(169,734.0)
Interest in suspense (penalty fees only)	(85,662.8)	(68,179.0)
Prepayments	5,125.4	4,606.8
Advance tax (FY 2020-2021)	1,500.0	1,503.2
Advance tax (FY Mini 2022)	6,995.0	-
Foreclosed properties *	42,996.1	42,506.1
Other receivables	11,351.6	11,388.5
Stock	3,193.5	3,410.6
Receivable from credit card providers	413.3	4,270.4
FX position	-	0.7
Deferred tax assets	578.4	378.5
	<b>137,086.1</b>	<b>127,051.7</b>

\*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 recorded at the transacted price and carried at fair value. There is no impairment requirement during the period for foreclosed property.

**13 INVESTMENT PROPERTY**

<i>Kyats in million</i>	March 31, 2022	September 30, 2021
Investment property	<b>3,555.8</b>	-
<b>13.1 Investment property - Building</b>		
<i>Kyats in million</i>	As at Mar 31, 2022	As at Sep 30, 2021
Balance b/f	-	-
Addition	1,361.9	-
Transferred from PPE	2,223.8	-
Less: Depreciation	(11.3)	-
Less: Transferred depreciation from PPE	(18.6)	-
Less: Accumulated impairment loss	-	-
	<b>3,555.8</b>	-

**AYEYARWADY BANK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Period ended March 31, 2022**

**14 PROPERTY, PLANT AND EQUIPMENT**

<i>Kyats in million</i>	Land	Building	Office machine and other equipment	Furniture, fixtures and fittings	Electrical equipment and computer accessories	Motor vehicles	Total
<b>Cost</b>							
Balance at October 1, 2020	164,604.8	164,939.5	34,378.3	6,610.9	52,365.3	12,179.6	435,078.4
Additions	570.0	2,119.2	461.0	10.3	3,496.2	242.6	6,899.1
Transfer	-	-	-	(0.2)	(4,113.5)	-	(4,113.7)
Disposals	-	-	-	-	(1.7)	(354.0)	(355.7)
Write offs	-	-	(11.5)	(1.1)	(6.1)	-	(18.7)
Reclassifications	-	(350.4)	-	-	(1.2)	-	(351.6)
Balance at September 30, 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
<b>Accumulated depreciation</b>							
Balance at October 1, 2020	-	22,341.3	14,185.1	2,360.9	33,386.5	5,163.8	77,437.6
Depreciation for the year	-	4,496.5	3,456.6	667.9	7,279.6	1,197.4	17,098.1
Disposals	-	-	-	-	(1.3)	(189.2)	(190.5)
Write offs	-	-	(7.2)	(0.7)	(5.1)	-	(13.0)
Reclassifications	-	(0.1)	-	-	-	-	(0.1)
Balance at September 30, 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)
Transferred to investment property	-	(18.5)	-	-	-	-	(18.5)
Balance at March 31, 2022	-	28,888.2	19,395.0	3,367.5	44,375.5	6,411.7	102,401.9
<b>Carrying amount</b>							
As at September 30, 2021	165,174.8	139,870.7	17,193.2	3,591.7	11,079.2	5,896.2	342,805.9
<b>As at March 31, 2022</b>	<b>170,358.8</b>	<b>140,084.7</b>	<b>15,472.5</b>	<b>3,314.2</b>	<b>9,203.6</b>	<b>5,241.3</b>	<b>343,675.3</b>

**AYEYARWADY BANK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Period ended March 31, 2022

**15 RIGHT-OF-USE ASSETS**

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

*Kyats in million*

	March 31, 2022	September 30, 2021
<b>Cost</b>		
Opening	58,897.4	56,490.4
Adjustment & addition for IFRS 16	1,809.2	2,407.0
Balance (IFRS)	60,706.6	58,897.4
<b>Accumulated depreciation</b>		
Opening	33,331.2	27,444.9
Adjustment & addition for IFRS 16	2,477.8	5,886.3
Balance (IFRS)	35,809.0	33,331.2
<b>Carrying amount</b>	<b>24,897.6</b>	<b>25,566.2</b>

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 the half year of 2022 and full year of 2021) and the results are as follows:

*Kyats in million*

	2022 MFRS as	IFRS 16 impacts	2022 IFRS as
<b>Income statements</b>			
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
<b>Statement of financial position</b>			
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

**AYEYARWADY BANK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Period ended March 31, 2022**

**15 RIGHT-OF-USE ASSETS (CONT'D)**

*Kyats in million*

	2021 MFRS as	IFRS 16 impacts	2021 IFRS as
<b>Income statements</b>			
Amortisation (Including Depreciation and amortisation)	(19,031.3)	(5,886.3)	(24,917.7)
Finance cost (Including interest expenses)	(411,626.7)	(1,367.4)	(412,994.1)
Rental expenses (including Operating lease expenses)	(7,652.6)	7,394.4	(258.2)
Income tax expenses	(5,012.0)	(86.7)	(5,098.7)
Total comprehensive income for the year	31,621.9	166.3	31,788.2
<b>Statement of financial position</b>			
Right-of-use assets (Note 15)			58,897.4
	-	58,897.4	
Accumulated amortisation (Disclosed under Right-of-use assets (Note 15))	-	(33,331.2)	(33,331.2)
Lease liabilities (Note 22)	-	(11,985.0)	(11,985.0)
Other assets (including prepayment & deferred tax assets) (Note 12)	146,473.5	(19,619.1)	127,051.7
Other liabilities including deferred tax liabilities (Note 21)	(151,959.1)	(1,298.2)	(153,257.3)
Retained earnings	(60,829.3)	(7,089.5)	(53,739.8)

**16 INTANGIBLE ASSETS**

*Kyats in million*

**Cost**

	Software
At the acquisition and balance at October 1, 2020	11,989.3
Additions	15,779.4
Transfer	4,113.3
Classifications	(13,739.5)
Balance at September 30, 2021	18,142.5
Additions	1,161.3
Transfer	-
Balance at March 31, 2022	19,303.8

**Accumulated depreciation**

At the acquisition and balance at October 1, 2020	473.5
Amortization for the year	1,933.4
Balance at September 30, 2021	2,406.9
Amortization for the year	1,789.7
Transfer	-
Balance at March 31, 2022	4,196.5

**Carrying amount**

As at September 30, 2021	15,735.6
As at March 31, 2022	<b>15,107.3</b>



**AYEYARWADY BANK LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

Period ended March 31, 2022

**17 BORROWING FROM STATE BANK**

<i>Kyats in million</i>	March 31, 2022	September 30, 2021
Borrowing from CBM 7% (Period:03-02-2022 to 07-06-2022)	300,000.0	270,000.0
	<b>300,000.0</b>	<b>270,000.0</b>

**18 DEPOSITS FROM BANKS**

<i>Kyats in million</i>	March 31, 2022	September 30, 2021
Current deposits of state banks	16,060.7	22,273.0
Current deposits of foreign banks	4,809.6	12,640.0
Current deposits of private banks	2,380.7	3,842.6
	<b>23,250.9</b>	<b>38,755.6</b>

**19 DEPOSITS FROM CUSTOMERS**

<i>Kyats in million</i>	March 31, 2022	September 30, 2021
Saving deposits of customers	2,468,792.6	3,206,768.4
Fixed deposits of customers	1,634,221.7	1,610,267.2
Call deposits of customers	1,006,958.4	852,897.1
Current deposits of customers	455,489.6	573,503.5
	<b>5,565,462.4</b>	<b>6,243,436.2</b>

**20 REPURCHASE AGREEMENTS**

<i>Kyats in million</i>	March 31, 2022	September 30, 2021
Repurchase agreements (Borrowing from MEB) (6.5% p.a, Period 31.3.2022-29.4.2022)	100,617.2	-
	<b>100,617.2</b>	<b>-</b>

**AYEYARWADY BANK LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
Period ended March 31, 2022**21 OTHER LIABILITIES***Kyats in million*

March 31, 2022 September 30, 2021

	March 31, 2022	September 30, 2021
Accrued interest payable	44,845.7	51,392.4
Sundry deposits*	39,552.3	33,820.8
FE Equivalent Account	14,827.5	18,531.3
Payment order account	18,134.6	18,982.7
Card payables	15,984.5	18,888.5
Income tax payable (FY 2020-2021)	5,012.0	5,012.0
Income tax payable (FY Mini 2021-2022)	8,781.8	-
Interbank borrowing money market	21,336.0	-
Wages and salary payable	1,675.6	175.6
Unearned income	396.3	645.5
Sundry creditors	3,673.0	3,599.6
Unclaimed liabilities	905.8	910.7
Deferred tax liabilities	1,489.9	1,298.2
	<b>176,615.1</b>	<b>153,257.3</b>

\* Balance of 1,658.6 million Kyats (September 30, 2021: 2,462.4 million Kyats) pertaining to margin bank guarantees is included in the Sundry Deposits balance.

**22 LEASE LIABILITIES**

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

*Kyats in million*

	March 31, 2022	September 30, 2021
Opening		21,667.6
Adjustment as per IFRS 16	11,985.0	
Lease adjustment		
Prior year adjustment		
Current year adjustment	882.2	2,246.4
Addition	-	58.6
Lease payments	(1,900.0)	(13,355.1)
Interest expenses	428.7	1,367.4
Balance (IFRS) (Note 15)	11,395.9	11,985.0

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

**AYEYARWADY BANK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Period ended March 31, 2022**

**23 SUBORDINATED DEBT**

<i>Kyats in million</i>	March 31, 2022	September 30, 2021
Subordinated Debt	71,120.0	77,084.0
	<b>71,120.0</b>	<b>77,084.0</b>

Pursuant to the issuance by CBM of their Directive 3/2019 on January 24<sup>th</sup>, 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 8<sup>th</sup>, 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. The interest is payable on quarterly basis at the rate of 3 months LIBOR plus 3.00% margin.

**24 SHARE CAPITAL**

	Number of Ordinary Shares	Share Capital  ( <i>Kyats in million</i> )
<b>Issued and paid up:</b>		
As at October 1, 2020	1,400,000	140,000.0
Issued in the year	-	-
<b>As at September 30, 2021</b>	<b>1,400,000</b>	<b>140,000.0</b>
Issued in the year	-	-
<b>As at March 31, 2022</b>	<b>1,400,000</b>	<b>140,000.0</b>

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

<i>Kyats in million</i>		<b>March 31, 2022</b>		<b>September 30, 2021</b>	
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%
		<b>1,400,000</b>	<b>100.0%</b>	<b>1,400,000</b>	<b>100.0%</b>

**AYEYARWADY BANK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Period ended March 31, 2022**

**25 RESERVES**

<i>Kyats in million</i>	Statutory Reserves <sup>1</sup>	General Reserves <sup>2</sup>	Total
<b>As at October 1, 2020</b>	34,806.3	65,095.3	99,901.6
Addition	7,905.5	904.7	8,810.2
<b>As at September 30, 2021</b>	42,711.8	66,000.0	108,711.8
Addition	7,945.1		7,945.1
<b>As at March 31, 2022</b>	<b>50,656.9</b>	<b>66,000.0</b>	<b>116,656.9</b>

<sup>1</sup> 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.

<sup>2</sup> The Central Bank of Myanmar ("CBM") Notification No. 17/2017 requires the Bank to set aside 2% (September 30, 2021 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.

**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, 2022	September 30, 2021
Import letters of credit	45,543.0	33,422.8
Bank guarantees	197,202.9	96,963.7
	<b>242,745.9</b>	<b>130,386.5</b>

**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, 2022	September 30, 2021
Undrawn loan commitments	142,615.2	136,347.1
	<b>142,615.2</b>	<b>136,347.1</b>

**27.2 Minimum lease payments**

<i>In Kyats millions</i>	October 1, 2021 to March 31, 2022	October 1, 2020 to September 30, 2021 (Restated)
Minimum lease payments paid under operating leases recognised as an expense during the year ( Note 32)	162.4	258.2
	<b>162.4</b>	<b>258.2</b>

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.



**AYEYARWADY BANK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Period ended March 31, 2022

**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>	October 1, 2021 to March 31, 2022	October 1, 2020 to September 30, 2021
<b>Interest income arising from:</b>		
Loans and advances	138,989.4	229,170.5
Investment securities	106,659.9	272,622.8
Deposits with banks	133.9	2,483.9
Trade finance	862.9	3,153.8
	<u>246,646.3</u>	<u>507,431.0</u>
<b>Interest expense arising from:</b>		
Deposits from bank and non-bank customers	(161,304.1)	(397,152.1)
Borrowings from banks	(9,869.1)	(14,474.5)
Finance cost	(428.7)	(1,367.4)
	<u>(171,601.9)</u>	<u>(412,994.1)</u>
<b>Net interest income</b>	<u>75,044.4</u>	<u>94,436.9</u>

**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>	October 1, 2021 to March 31, 2022	October 1, 2020 to September 30, 2021
<b>Fee and commission income:</b>		
Service charges	11,372.9	19,018.2
Commission fees	668.0	2,358.2
Exchange fees	3,078.8	4,640.2
Commitment fees	(23.8)	10,681.3
Default fees	8,063.5	9,308.8
SWIFT/Telex charges	2.3	1,407.0
	<u>23,161.6</u>	<u>47,413.7</u>
<b>Fee and commission expense:</b>		
Bank charges	(504.6)	(2,489.3)
<b>Net fee and commission income</b>	<u>22,657.0</u>	<u>44,924.4</u>

**AYEYARWADY BANK LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**Period ended March 31, 2022****30 OTHER INCOME/(EXPENSE)**

<i>Kyats in million</i>	October 1, 2021 to March 31, 2022	October 1, 2020 to September 30, 2021
Foreign exchange Gain /(loss)	1,139.0	17,452.1
Foreign exchange transaction Gain/ (loss)	1,378.4	3,578.8
Others	135.2	-
	<u>2,652.6</u>	<u>21,030.9</u>

**31 GENERAL AND ADMINISTRATIVE EXPENSE**

<i>Kyats in million</i>	October 1, 2021 to March 31, 2022	October 1, 2020 to September 30, 2021
Wages and salaries	16,863.1	31,373.5
Supplies and services	5,254.8	5,435.0
Maintenance and repair	5,781.3	8,056.2
Professional fees	2,774.4	4,716.2
Other personnel costs	1,504.2	4,585.9
Rates and taxes	1,010.6	2,173.3
Advertising and branding	1,519.9	944.9
Travel and entertainment	9.0	12.1
Social security contributions	298.9	664.4
Insurance	205.7	409.0
	<u>35,222.0</u>	<u>58,370.5</u>

**32 OPERATING LEASE EXPENSES**

<i>Kyats in million</i>	October 1, 2021 to March 31, 2022	October 1, 2020 to September 30, 2021
Minimum lease payments paid under operating leases recognised as an expense during the year	162.4	258.2

**33 OTHER OPERATING EXPENSE**

<i>Kyats in million</i>	October 1, 2021 to September 30, 2022	October 1, 2020 to September 30, 2021
Miscellaneous expenses	730.2	7,801.7
Others	1,370.9	439.6
	<u>2,101.1</u>	<u>8,241.3</u>

**AYEYARWADY BANK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Period ended March 31, 2022

**34 INCOME TAX EXPENSE**

The Bank estimates income tax expense on profit to approximate Myanmar's corporate tax rate of 22% (September 30, 2021: 25%) of profit before tax, net of tax adjustments.

<i>Kyats in million</i>	October 1, 2020 to March 31, 2022	October 1, 2019 to September 30, 2021
<b>Profit before tax</b>	<b>40,525.1</b>	<b>36,886.8</b>
Adjustment for FX revaluation loss / (gain)	(1,139.0)	(17,452.2)
Adjustment of gain of disposal	(118.5)	(174.9)
<b>Taxable income</b>	<b>39,267.6</b>	<b>19,259.8</b>
Income tax effect at Statutory Rate 22% / 25% for FY 21	8,638.9	4,838.4
Effect of expenses that are not deductible in determining taxable profit	113.4	242.8
Under provision for Income tax of FY (2020-2021)	35.7	-
Others	(14.3)	-
<b>Income tax expense/ (credit) recognised in profit or loss</b>	<b>8,773.7</b>	<b>5,081.3</b>
Disposal Gain Tax	-	17.4
Over provision for Capital Gain of FY (2018-2019)	-	-
<b>Total Income Tax expenses included gain tax</b>	<b>8,773.7</b>	<b>5,098.7</b>

**35 CONTINGENT LIABILITIES**

The Bank has provided the tax expenses based on the guideline set by Myanmar tax authority.

**36 CURRENT AND NON-CURRENT ASSETS AND LIABILITIES**

<i>In Kyats millions</i>	Current	Non-current	Total
<b>As at March 31, 2022</b>			
<b>ASSETS</b>			
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
	<b>3,461,358.1</b>	<b>3,121,306.5</b>	<b>6,582,664.5</b>
<b>LIABILITIES</b>			
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
	<b>5,806,423.6</b>	<b>442,037.8</b>	<b>6,248,461.4</b>

**AYEYARWADY BANK LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

Period ended March 31, 2022

**As at September 30, 2021****ASSETS**

Cash and cash equivalents	811,915.9	-	811,915.9
Placement with other financial institutions	4,000.0	-	4,000.0
Investment securities	680,748.6	1,977,947.5	2,658,696.1
Loan and advances	1,949,007.8	1,075,345.8	3,024,353.6
Bills receivable	86,844.7	-	86,844.7
Other assets	146,473.5	(19,421.7)	127,051.7
Property, plant and equipment	-	342,805.9	342,805.9
Right-of-use assets	-	25,566.2	25,566.2
Intangibles	-	15,735.6	15,735.6
	<b>3,678,990.5</b>	<b>3,417,979.2</b>	<b>7,096,969.7</b>

**LIABILITIES**

Borrowing from state banks	270,000.0	-	270,000.0
Deposits from banks	38,755.6	-	38,755.6
Deposits from customers	6,243,436.2	-	6,243,436.2
Other liabilities	151,959.1	1,298.2	153,257.3
Lease liabilities	-	11,985.0	11,985.0
Subordinated debt	-	77,084.0	77,084.0
	<b>6,704,150.9</b>	<b>90,367.1</b>	<b>6,794,518.0</b>

**37 ROUNDING OF AMOUNTS**

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

**38 COMPARATIVE FIGURES**

The financial statements for the six-month period ended March 31, 2022 and the financial statements for the twelve-month year ended September 30, 2021 are presented as comparative figures of the current period financial statements. Therefore, the amounts presented in the financial statements are not entirely comparable.

**39 EVENTS AFTER REPORTING PERIOD**

The subsequent impact of COVID-19 pandemic is still significant on the economies and market conditions around the world and in Myanmar. As the Bank continuously monitor the changes in market and business environment, it continues to implement Business Continuity Plans ("BCP") and measures to mitigate the impact. While the Customers' demand keeps changing and it became more volatile, the Bank focuses on the changes in customer needs and try to provide the financial services that suit the needs of the customers at times.

The Bank has implemented an enhanced BCP and internal policies and procedures to mitigate the impact in managing the challenges in business operations.

**Supporting customers**

The Bank's primary focus has always been providing the best services to its customers and gaining satisfaction throughout the customer experience journey. We put ourselves in the position of the customers and provide solutions-based services with the flexibility that we can allow to have.

**39. EVENTS AFTER REPORTING PERIOD (CONT'D)**

**Supporting its people**

Care and support for its people has always been priority of the Bank including health and safety as well as career development of the people. As we are in the industry where our services are essential, making sure that we are able to provide the services to fulfil the customers need is critical. Human Resources has been one of the most precious resources and we introduced the Yoga classes for all employees who are keen to participate in the classes on a regular basis for the well-being of them. Learning and Development team is also committed in providing relevant training programs including internal and external programs depending on the roles and responsibilities of the employees.

**Managing Assets and Liabilities**

The Bank also has an Assets & Liabilities Committee ("ALCO") in place to monitor effectiveness of Assets including Cash position and Liabilities utilisation despite dynamic market condition as at the reporting date. The Bank aligns business strategies in responses to the impact shown in the Balance Sheet.

In addition, the Bank is also managing its business performance despite the challenges by ways of cost optimisation through increasing the efficiency of its people and other resources deployment of resources.

The Bank has evaluated the impact of subsequent events and has determined that there were no subsequent events requiring significant adjustment to or disclosure in the financial statements except for the continuing impact that may arise from the COVID-19 pandemic and other unforeseeable circumstances. However, any effect of their impact is not measurable and it has not been accounted in the financial statements; and such impact may affect the futures results of the Bank.

**Managing liquidity**

The Bank continues monitoring the liquidity position with the purpose of ensuring its best ability to fulfil the needs of the customers whenever is needed. The effort payoffs well and the liquidity position of the Bank remains healthy despite the challenges from time to time.

The Bank loan to deposit ratio (LDR) as of March 31, 2022 was 54.33% (September 30, 2021 49.39%) and the Liquidity Ratio as at March 31, 2022 was 48.39% (September 30, 2021 50.22%).

**Managing risk assessment**

Management has implemented internal policies and procedures to identify the risks in operating business activities. It also pays high level of attention to make sure that it complies with relevant regulatory requirements. The risk and compliance team together with internal audit team identifies the risks that may arise the negative impact due to changes in recent economic and market conditions. The team also prepare an audit and risk assessment plan under the guidance of the Audit Committee. Proper segregation of duties and reasonable level of authority has been implemented. The financial reports are prepared on monthly basis, and it is reported to the management for any business decision that it may take.

The risk and compliance team together with internal audit team normally reports the risk factors and control gaps (if any) to Audit Committee. The committee will then provide necessary recommendations to Bord of Directors to mitigate risk exposure and potential impact.

**40. AUTHORIZATION OF FINANCIAL STATEMENTS**

The Financial Statements of the Bank for the period ended March 31, 2022 have been authorized for issue on October 31, 2022.












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