

AYEYARWADY BANK PUBLIC COMPANY LIMITED
(Registration No. 110312156)

**REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2023

WIN THIN AND ASSOCIATES LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

AYEYAWADY BANK PUBLIC COMPANY LIMITED

Report of the directors

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

1. DIRECTORS

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

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

2. PRINCIPAL ACTIVITIES

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

3. DIRECTORS' INTEREST IN SHARES OR DEBENTURES

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

Shareholdings registered in name of director

| Name of directors | At beginning of Year or date of appointment, if later | At end of year |
|---------------------|---|----------------|
| U Zaw Zaw | 1,036,000 | 1,036,000 |
| Daw Htay Htay Khine | 170,000 | 170,000 |
| U Than Zaw | 34,000 | 34,000 |
| Daw Khin Saw OO | | 30 |
| Daw Khin Ma Ma | | 30 |
| U Myint Zaw | | 30 |

4. RESULTS OF THE BANK

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

5. DIVIDENDS

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

6. AUDITORS

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

On behalf of the Board of Directors,



Myint Zaw
Chief Executive Officer
AYA Bank PCL



Than Zaw
Vice Chairman
AYA Bank PCL



Khin Saw Oo
Executive Chairman
AYA Bank PCL

Date: August 15, 2023

AYEYARWADY BANK PUBLIC COMPANY LIMITED
STATEMENT BY DIRECTORS

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

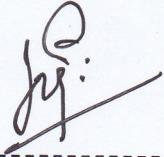
In case of IFRS 9 Financial Instruments: Impairment of Financial Asset, the Bank continues to apply International Accounting Standards 39, Financial Instruments: Recognition and Measurement with loan loss provisioning modified by the Central Bank of Myanmar ("CBM") Notification No. 17/2017, Asset Classification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

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

On behalf of the Board of Directors,


Myint Zaw
Chief Executive Officer
AYA Bank PCL


Than Zaw
Vice Chairman
AYA Bank PCL


Khin Saw Oo
Executive Chairman
AYA Bank PCL

Date: August 15, 2023



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WIN THIN & ASSOCIATES LTD

CERTIFIED PUBLIC ACCOUNTANTS

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

Ref: 378/A-88/ March 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of AYEYARWADY BANK PUBLIC COMPANY LIMITED

Report on the audit of the Financial Statements

Opinion

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

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

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) issued by International Auditing and Assurance Standards Board (the "IAASB"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis of accounting - Restriction on distribution or use

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

Other Matters

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our considerations are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



AYEYARWADY BANK PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

As At March 31, 2023

Kyats in million

ASSETS

| | Note | March 31, 2023 | March 31, 2022 |
|---|------|-----------------------|-----------------------|
| Cash and cash equivalents | 8 | 760,695.1 | 550,299.9 |
| Placement with other financial institutions | 9 | 153,200.0 | 167,132.0 |
| Investment securities | 10 | 2,019,555.0 | 2,319,285.3 |
| Loan and advances | 11 | 3,213,383.9 | 2,944,409.8 |
| Bills receivable | | 14,458.0 | 77,215.5 |
| Other assets | 12 | 222,665.7 | 137,086.1 |
| Investment property | 13 | 3,484.1 | 3,555.8 |
| Property, plant and equipment | 14 | 337,648.7 | 343,675.3 |
| Right-of-use assets | 15 | 18,322.4 | 24,897.6 |
| Intangible assets | 16 | 13,524.1 | 15,107.3 |
| Total Assets | | 6,756,936.9 | 6,582,664.6 |

LIABILITIES

| | | | |
|--------------------------|----|--------------------|--------------------|
| Borrowing from banks | 17 | 86,783.7 | 300,000.0 |
| Deposits from banks | 18 | 21,356.2 | 23,250.9 |
| Deposits from customers | 19 | 6,064,150.9 | 5,565,462.4 |
| Repurchase agreement | 20 | - | 100,617.2 |
| Other liabilities | 21 | 135,598.1 | 176,615.1 |
| Lease liabilities | 22 | 6,015.6 | 11,395.9 |
| Subordinated Debt | 23 | 84,000.0 | 71,120.0 |
| Total Liabilities | | 6,397,904.5 | 6,248,461.4 |

EQUITY

| | | | |
|-------------------------------------|----|--------------------|--------------------|
| Share capital | 24 | 140,009.0 | 140,000.0 |
| Reserves | 25 | 104,156.9 | 116,656.9 |
| Retained earnings | | 114,866.5 | 77,546.2 |
| Total Equity | | 359,032.4 | 334,203.1 |
| Total Liabilities and Equity | | 6,756,936.9 | 6,582,664.6 |

OFF-BALANCE SHEET

| | | | |
|------------------------|----|-----------|-----------|
| Contingent liabilities | 26 | 67,626.1 | 242,745.9 |
| Commitments | 27 | 210,135.8 | 142,615.2 |

The accompanying notes forms part of the financial statements

On behalf of the Board of Directors,

Myint Zaw
Chief Executive Officer
AYA Bank PCL

Than Zaw
Vice Chairman
AYA Bank PCL

Khin Saw Oo
Executive Chairman
AYA Bank PCL

Date: August 15, 2023

AYEYARWADY BANK LIMITED

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

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

The accompanying notes forms part of the financial statements.

On behalf of the Board of Directors,

Myint Zaw
 Chief Executive Officer
 AYA Bank PCL

Than Zaw
 Vice Chairman
 AYA Bank PCL

Khin Saw Oo
 Executive Chairman
 AYA Bank PCL

Date: August 15, 2023

AYEYARWADY BANK LIMITED

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

Kyats in million

| | Note | Share Capital | Reserves | Retained Earnings | Total |
|---|------|------------------|------------------|-------------------|------------------|
| Balance at October 01, 2021 (IFRS) | | 140,000.0 | 108,711.8 | 53,739.9 | 302,451.7 |
| Issued shares | 24 | - | - | - | - |
| Total comprehensive income for the year | | - | - | 31,780.4 | 31,780.4 |
| Prior Year Adjustments | | - | - | - | - |
| Transfer to Statutory Reserves | 25 | - | 7,945.1 | (7,945.1) | - |
| Transfer to General Reserves | 25 | - | - | - | - |
| Adjustment for IFRS-16 Leasing & IFRS 9 Financial assets | | - | - | (28.9) | (28.9) |
| Balance at March 31, 2022 | | 140,000.0 | 116,656.9 | 77,546.2 | 334,203.1 |
| Issued shares | 24 | 9.0 | - | - | 9.0 |
| Total comprehensive income for the year | | - | - | 49,618.7 | 49,618.7 |
| Prior Year Adjustments | | - | - | - | - |
| Transfer to Statutory Reserves | 25 | - | 12,404.7 | (12,404.7) | - |
| Transfer to General Reserves | 25 | - | (24,904.7) | - | (24,904.7) |
| Adjustment for IFRS-16 Leasing, IFRS 9 Financial assets & IAS 40 -Investment property | | - | - | 106.3 | 106.3 |
| Balance at March 31, 2023 | | 140,009.0 | 104,156.8 | 114,866.5 | 359,032.4 |

The accompanying notes form part of the financial statements.

On behalf of the Board of Directors,

Myint Zaw
Chief Executive Officer
AYA Bank PCL

Tban Zaw
Vice Chairman
AYA Bank PCL

Khin Saw Oo
Executive Chairman
AYA Bank PCL

Date: August 15, 2023

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

| <i>Kyats in million</i> | <i>Note</i> | April 1, 2022 to March 31, 2023 | October 1, 2021 to March 31, 2022 |
|---|-------------|--|--|
| Cash flows from operating activities | | | |
| Profit before tax | | 65,011.8 | 40,525.1 |
| Adjustment for: | | | |
| - Depreciation of investment property | 13 | 71.7 | 11.3 |
| - Depreciation of property, plant and equipment | 14 | 12,548.1 | 8,470.2 |
| - Depreciation of right-of-use assets | | 6,102.7 | 2,477.8 |
| - Amortization of intangible assets | 16 | 5,284.8 | 1,789.7 |
| - Adjustment of property, plant and equipment | 14 | - | (2,223.8) |
| - Adjustment of investment property | 13 | - | 2,223.8 |
| - Adjustment of intangible assets | 16 | 124.4 | - |
| - Subordinated debt | 23 | 12,880.0 | (5,964.0) |
| - Specific allowance / (Specific provision) | | 16,265.1 | 9,594.3 |
| - Effects of fixed assets written off | 14 | 16.3 | 1.0 |
| Loss/(Gain) on disposal of property, plant and equipment | | 1,151.9 | (135.2) |
| | | 119,456.8 | 56,770.4 |
| Changes in | | | |
| - Cash and balances with central bank / related corporations - restricted | | (3,897.4) | 62,362.0 |
| - Adjustment Cash and balances with central bank with restricted | | - | (8,461.7) |
| - Placement with Private Bank | | 13,932.0 | (163,132.0) |
| - Investment securities | | 299,730.3 | 339,410.9 |
| - Loan and advances | | (285,239.1) | 70,349.4 |
| - Bill receivables | | 62,757.5 | 9,629.1 |
| - Other assets | | (73,355.6) | (2,839.4) |
| - Investment property | | - | (1,361.9) |
| - Deposit from banks | | (1,894.7) | (15,504.6) |
| - Deposit from customers | | 498,688.5 | (677,973.9) |
| - Repurchase agreement | | (100,617.2) | 100,617.2 |
| - Other liabilities | | (81,467.5) | 14,384.2 |
| | | 448,093.6 | (215,750.3) |
| Income tax paid | | (11,965.0) | (6,995.0) |
| Net cash from operating activities | | 436,128.6 | (222,745.3) |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | | (10,255.3) | (11,901.8) |
| Acquisition of right-of-use assets | | 472.4 | (1,809.2) |
| Acquisition of intangible assets | | (3,826.1) | (1,161.3) |
| Proceeds from disposal of PPE | | 2,565.6 | 491.0 |
| | | (11,043.3) | (14,381.3) |
| Net cash used in investing activities | | | |
| Cash flows from financing activities | | | |
| Repayment of lease liabilities | | (5,380.3) | (589.1) |
| - Issue of Share Capital | 24 | 9.0 | - |
| - Borrowing from Banks | 17 | (213,216.3) | 30,000.0 |
| Net cash used in financing activities | | (218,587.6) | 29,410.9 |
| Net increase in cash and cash equivalents | | 206,497.8 | (207,715.8) |
| Cash and cash equivalents at beginning of the year | | 378,984.2 | 586,699.9 |
| Cash and cash equivalents at end of the year (Note 8) | | 585,481.9 | 378,984.2 |

The accompanying notes form part of the financial statements.
On behalf of the Board of Directors,


Myint Zaw
Chief Executive Officer
AYA Bank PCL


Than Zaw
Vice Chairman
AYA Bank PCL


Khin Saw Oo
Executive Chairman
AYA Bank PCL

Date: August 15, 2023