



AYEYARWADY BANK LIMITED
(Registration No. 110312156)

**REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS**

PERIOD ENDED SEPTEMBER 30, 2018

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 September 30, 2018. These have been prepared in accordance with the provisions of Myanmar Companies Law (the "Law") and the International Financial Reporting Standards ("IFRSs"), 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 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 5 to 54, are drawn up so as to give a true and fair view of the financial position of the Bank as at September 30, 2018, and the financial performance, changes in equity and cash flows of the Bank for the period then ended and at the date of this statement, there are reasonable grounds to believe that the Bank will be able to pay its debts when they fall due.

On behalf of the Board of Directors,



.....
Myint Zaw
Managing Director
Ayeyarwady Bank Limited



.....
Than Zaw
Vice Chairman (2)
Ayeyarwady Bank Limited



.....
Zaw Zaw
Chairman
Ayeyarwady Bank Limited

Date: June 30, 2020

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AYEYARWADY BANK LIMITED

Opinion

We have audited the financial statements of Ayeeyarwady Bank Limited (the "Bank"), which comprise the statement of financial position as at September 30, 2018, 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 5 to 54.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the accounting policies as described in Note 2.1 to the financial statements.

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.

Emphasis of Matter

We draw attention to Note 30.1 to the financial statements disclosing an event after the end of the reporting period ended September 30, 2018. This relates to an instruction by the Central Bank of Myanmar ("CBM") on March 13, 2019 to make a provision of 10,981 million Kyats in relation to certain loans extended by the Bank due to protracted delays in the commencement of the borrower's operations and the absence of sufficient collaterals. The Bank has assessed and concluded that this does not relate to a condition that existed at the end of the reporting period as the loans are not past due based on the terms of the loans and are not non-performing loans. Consequently, this is a non-adjusting event and to be recorded in the subsequent financial period on April 30, 2019. Our opinion is not modified in respect of this matter.

Basis of accounting - Restriction on distribution or use

We draw attention to Note 2.1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Bank in complying with the financial reporting provisions required by its shareholders and business partners. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Bank, its shareholders and business partners and should not be distributed to or used by parties other than the Bank, its shareholders and business partners. Our opinion is not modified in respect of this matter.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
AYEYARWADY BANK LIMITED**

Other Matters

Another set of financial statements of the Bank for the period ended September 30, 2018 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 the Section 39 of Financial Instruction Law ("FIL") 2016 and authorised for issue by the Board of Directors on August 30, 2019. We had expressed an unmodified opinion on those financial statements on August 30, 2019.

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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
AYEYARWADY BANK LIMITED**

- 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.



Cho Cho Aung Tin
Certified Public Accountant
Yangon, Myanmar



Date: June 30, 2020

AYEYARWADY BANK LIMITED**STATEMENT OF FINANCIAL POSITION
September 30, 2018***In Kyats millions*

	Note	September 30, 2018	March 31, 2018
ASSETS			
Cash and cash equivalents	8	761,552.2	774,706.3
Placement with other financial institutions	9	282,406.0	300,351.9
Investment securities	10	1,270,811.8	803,069.5
Loan and advances	11	2,740,447.8	2,574,328.5
Bills receivable		47,990.8	40,158.6
Other assets	14	168,737.7	118,820.5
Property, plant and equipment	12	357,301.5	353,734.5
Intangible assets	13	4,388.5	-
Total Assets		5,633,636.3	4,965,169.8
LIABILITIES			
Deposits from banks	15	23,584.6	33,103.0
Deposits from customers	16	5,263,108.3	4,663,001.0
Other liabilities	17	149,991.5	107,291.6
Total Liabilities		5,436,684.4	4,803,395.6
EQUITY			
Share capital	18	125,000.0	120,000.0
Reserves	19	65,629.4	41,422.0
Retained earnings		6,322.5	352.2
Total Equity		196,951.9	161,774.2
Total Liabilities and Equity		5,633,636.3	4,965,169.8
OFF-BALANCE SHEET			
Contingent liabilities	26	252,042.9	291,636.7
Commitments	27	182,418.5	208,887.9

The accompanying notes form part of the financial statements

On behalf of the Board of Directors,



.....
Myint Zaw
Managing Director
Ayeyarwady Bank Limited



.....
Than Zaw
Vice Chairman (2)
Ayeyarwady Bank Limited



.....
Zaw Zaw
Chairman
Ayeyarwady Bank Limited

Date : June 30, 2020

AYEYARWADY BANK LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Period ended September 30, 2018

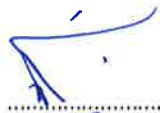
<i>In Kyats millions</i>	Note	April 1, 2018 to September 30, 2018	April 1, 2017 to March 31, 2018
Interest income	20	202,501.2	374,062.9
Interest expense	20	(167,482.2)	(313,691.1)
Net interest income		<u>35,019.0</u>	<u>60,371.8</u>
Fee and commission income	21	25,029.2	43,667.9
Fee and commission expense	21	(1,320.7)	(3,944.4)
Other income (expense)	22	31,527.7	(1,032.6)
Net non-interest income		<u>55,236.2</u>	<u>38,690.9</u>
Income before operating expenses		<u>90,255.2</u>	<u>99,062.7</u>
General and administrative expense	23	(26,370.6)	(56,325.6)
Operating lease expense	27	(3,827.8)	(7,403.3)
Depreciation and amortisation	12	(8,355.0)	(14,751.3)
Other operating expense	24	(807.7)	(1,853.3)
Provision for doubtful debts	11	(10,349.4)	-
Total expenses		<u>(49,710.5)</u>	<u>(80,333.5)</u>
Profit before tax		40,544.7	18,729.2
Income tax expense	25	(10,367.0)	(5,731.0)
Net profit for the period representing total comprehensive income for the period/ year		<u><u>30,177.7</u></u>	<u><u>12,998.2</u></u>

The accompanying notes form part of the financial statements.

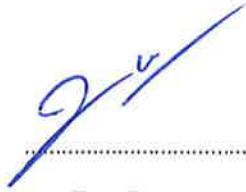
On behalf of the Board of Directors,



 Myint Zaw
 Managing Director
 Ayeyarwady Bank Limited



 Than Zaw
 Vice Chairman (2)
 Ayeyarwady Bank Limited



 Zaw Zaw
 Chairman
 Ayeyarwady Bank Limited

Date June 30, 2020

AYEYARWADY BANK LIMITED

STATEMENT OF CHANGES IN EQUITY
Period ended September 30, 2018

	Note	Share Capital	Reserves	Retained Earnings	Total
<i>In Kyats millions</i>					
Balance at April 1, 2017					
Issued shares	18	100,000.0	21,202.7	7,573.3	128,776.0
Total comprehensive income for the year		20,000.0	-	-	20,000.0
Transfer to Statutory Reserves	19	-	5,054.8	12,998.2	12,998.2
Transfer to General Reserves	19	-	15,164.5	(5,054.8)	-
Balance at March 31, 2018		120,000.0	41,422.0	352.2	161,774.2
Issued shares	18	5,000.0	-	-	5,000.0
Total comprehensive income for the period		-	-	30,177.7	30,177.7
Transfer to Statutory Reserves	19	-	7,724.7	(7,724.7)	-
Transfer to General Reserves	19	-	16,482.7	(16,482.7)	-
Balance at September 30, 2018		125,000.0	65,629.4	6,322.5	196,951.9

The accompanying notes form part of the financial statements.

AYEYARWADY BANK LIMITED

STATEMENT OF CASH FLOWS
Period ended September 30, 2018

In Kyats millions

	Note	April 1, 2018 to September 30, 2018	April 1, 2017 to March 31, 2018
Cash flows from operating activities			
Profit before tax		40,544.7	18,729.2
Adjustment for:			
- Depreciation and amortisation	12	8,355.0	14,751.3
- Specific allowance		10,349.4	-
- Effects of fixed assets written off	12	24.9	10.0
- Gain on disposal of property and equipment		(58.4)	-
		59,215.6	33,490.5
Changes in			
- Cash and balances with central bank/related corporations - restricted		(123,436.6)	(41,181.3)
- Placement with other financial institutions		17,945.9	(162,103.9)
- Investment securities		(467,742.3)	(254,847.6)
- Loan and advances		(176,468.7)	(226,246.3)
- Bills receivable		(7,832.2)	(18,703.7)
- Other assets		(52,643.3)	(47,393.1)
- Deposits from banks		(9,518.4)	(25,772.1)
- Deposits from customers		600,107.3	769,969.0
- Other liabilities		39,303.5	15,283.6
		(121,069.2)	42,495.1
Income tax paid		(10,069.1)	(6,750.0)
Net cash (used in) / from operating activities		(131,138.3)	35,745.1
Cash flows from investing activities			
Acquisition of property, plant and equipment		(6,195.9)	(49,146.2)
Acquisition of intangible assets		(4,388.5)	-
Proceeds from disposal of property, plant and equipment		132.0	321.3
Net cash used in investing activities		(10,452.4)	(48,824.9)
Cash flows from financing activities			
Issue of share capital	18	5,000.0	20,000.0
Net cash from financing activities		5,000.0	20,000.0
Net (decrease) increase in cash and cash equivalents		(136,590.7)	6,920.2
Cash and cash equivalents at beginning of the period/ year		572,011.5	565,091.3
Cash and cash equivalents at end of the period / year (Note 8)		435,420.8	572,011.5

The accompanying notes form part of the financial statements.