

*BANGKOK BANK PUBLIC COMPANY LIMITED
- PAKSE BRANCH*

Financial Statements

Year ended December 31, 2017



ບໍລິສັດ ດີລອຍ (ລາວ) ຈຳກັດຜູ້ດຽວ
ອາຄານຕະຫຼາດຜູ້ກຊື້ບລາວ
ບ້ານຟັນທັນ, ຖະໜົນ T4
ເມືອງໄຊເສດຖາ
ຖິ່ນປະຕິ 2017, ມະຄອນຫຼວງວຽງຈັນ
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REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE BRANCH MANAGER OF BANGKOK BANK PUBLIC COMPANY LIMITED - PAKSE BRANCH

Opinion

We have audited the financial statements of Bangkok Bank Public Company Limited - Pakse Branch (the “Branch”), which comprise the statement of financial position as at December 31, 2017, and the related statements of income, changes in Head Office account and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bangkok Bank Public Company Limited - Pakse Branch as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with the regulations of the Bank of Lao PDR and accounting policies set out in Note 3 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). 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 Branch in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (“IESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements, 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 - Basis of Accounting and Restriction of Use

We draw attention to Note 2 and 3 to the financial statements, which describe the basis of accounting and significant accounting policies. The financial statements are prepared to provide information for internal uses by the Branch. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other matter

The financial statements of Bangkok Bank Public Company Limited - Pakse branch for the period from January 5, 2016 (date of establishment) to December 31, 2016, presented herein as comparative information, were audited by another auditor, whose report thereon dated March 31, 2017, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the regulations of the Bank of Lao PDR and accounting policies set out in Note 3 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 misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Branch'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 Branch or to cease operations, or has no realistic alternative but to do so.

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 judgment 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 for 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 Branch'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 Branch'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 conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Branch to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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.




Chavala Tienpasertkij
Certified Public Accountant

VIENTIANE
March 30, 2018

DELOITTE (LAO) SOLE COMPANY LIMITED

Bangkok Bank Public Company Limited - Pakse Branch

Branch information

Branch	Bangkok Bank Public Company Limited Pakse Branch
Registration number	40/BoL
Registered office	3 Sala Kiew-Dongjong Road Phonsavanh Village, Pakse District Champasak Province, Lao PDR
Branch Manager	Mr. Somchoke Worakunpisit
Auditor	Deloitte (Lao) Sole Company Limited

BANGKOK BANK PUBLIC COMPANY LIMITED - PAKSE BRANCH

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

UNIT : LAK

	Notes	2017	2016
ASSETS			
Cash and Deposits with Central Bank		52,828,403,560	58,143,534,112
Cash on hand	4	1,591,973,915	2,084,361,666
Deposits with Central Bank	5	51,236,429,645	56,059,172,446
Held-to-maturity investments	6	10,000,000,000	20,000,000,000
Loans to Customers, net	7	15,100,826,097	-
Fixed Assets, net		3,350,971,559	4,138,697,953
Intangible assets	8	622,665	276,921,300
Tangible assets	9	3,350,348,894	3,861,776,653
Other Assets		5,431,854,656	6,040,112,155
Accrued receivables	10	310,793,607	237,222,222
Others	11	5,121,061,049	5,802,889,933
TOTAL ASSETS		86,712,055,872	88,322,344,220

Notes to the financial statements form an integral part of these statements

BANGKOK BANK PUBLIC COMPANY LIMITED - PAKSE BRANCH

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2017

UNIT : LAK

	Notes	2017	2016
LIABILITIES AND HEAD OFFICE ACCOUNT			
Due to Customers	12	4,212,888,639	1,983,872,575
Demand deposits		3,704,868,091	1,585,015,363
Time deposits		507,280,228	398,857,212
Other liabilities		740,320	-
Other Liabilities		177,405,282	128,615,079
Accrued payables	13	7,149,264	8,427,279
Others		170,256,018	120,187,800
TOTAL LIABILITIES		4,390,293,921	2,112,487,654
HEAD OFFICE ACCOUNT			
Branch capital	14	101,650,000,000	101,650,000,000
Due from other branch	15	(48,131,870,654)	(21,160,416,948)
Due to other branch	15	33,705,418,972	9,452,486,393
General provision for credit activities	7.2	182,625,600	-
Accumulated deficit		(5,084,411,967)	(3,732,212,879)
TOTAL HEAD OFFICE ACCOUNT		82,321,761,951	86,209,856,566
TOTAL LIABILITIES AND HEAD OFFICE ACCOUNT		86,712,055,872	88,322,344,220

Notes to the financial statements form an integral part of these statements

BANGKOK BANK PUBLIC COMPANY LIMITED - PAKSE BRANCH

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : LAK

	Notes	For the year ended December 31, 2017	For the period from January 5, 2016 (date of establishment) to December 31, 2016
Interest Income		2,188,063,383	386,811,262
Interest income from interbank		675,323,438	192,089,040
Interest income from investments		990,277,778	194,722,222
Interest income from customers		522,462,167	-
Interest Expenses		(133,121,258)	(15,151,666)
Interest expenses for interbank		(103,542,510)	(500)
Interest expenses for customers		(29,578,748)	(15,151,166)
Net Interest Income and Expenses		2,054,942,125	371,659,596
Income from Fee and Financial Services		293,439,489	98,314,831
Expenses for Fee and Financial Services		(37,165,000)	(2,760,000)
Net operating income		2,311,216,614	467,214,427
Profit (Loss) from Foreign Exchange		607,081,222	(36,706,480)
Other Income		84,949	100,942
Operating Expenses		(3,209,373,058)	(3,358,596,990)
Employee's expenses		(2,040,217,948)	(1,824,164,282)
Other operating expenses		(1,169,155,110)	(1,534,432,708)
Depreciation and Amortization	8, 9	(878,583,215)	(804,224,778)
Other Expenses		(182,625,600)	-
General provision for credit activities	7.2	(182,625,600)	-
Loss Before Income Tax Expenses		(1,352,199,088)	(3,732,212,879)
Income Tax Expenses		-	-
Loss for the Year		(1,352,199,088)	(3,732,212,879)

Notes to the financial statements form an integral part of these statements

BANGKOK BANK PUBLIC COMPANY LIMITED - PAKSE BRANCH
STATEMENT OF CHANGES IN HEAD OFFICE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : LAK

	Notes	Branch capital	Net balance of inter-office accounts with Head Office and other branches under the same entity	General provision for credit activities	Accumulated deficit	Total Head Office account
Opening balance as at January 5, 2016 (date of establishment)						
Increase during the period	14	101,650,000,000	(11,707,930,555)	-	-	89,942,069,445
Net loss for the period		-	-	-	(3,732,212,879)	(3,732,212,879)
Closing balance as at December 31, 2016		<u>101,650,000,000</u>	<u>(11,707,930,555)</u>	-	<u>(3,732,212,879)</u>	<u>86,209,856,566</u>
Opening balance as at January 1, 2017		101,650,000,000	(11,707,930,555)	-	(3,732,212,879)	86,209,856,566
Increase during the year		-	(2,718,521,127)	-	-	(2,718,521,127)
Net loss for the year		-	-	-	(1,352,199,088)	(1,352,199,088)
General provision for credit activities	7.2	-	-	182,625,600	-	182,625,600
Closing balance as at December 31, 2017		<u>101,650,000,000</u>	<u>(14,426,451,682)</u>	<u>182,625,600</u>	<u>(5,084,411,967)</u>	<u>82,321,761,951</u>

Notes to the financial statements form an integral part of these statements

BANGKOK BANK PUBLIC COMPANY LIMITED - PAKSE BRANCH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : LAK

	Notes	For the year ended December 31, 2017	For the period from January 5, 2016 (date of establishment) to December 31, 2016
Cash flows from operating activities			
Loss before income tax expenses		(1,352,199,088)	(3,732,212,879)
Adjustments to reconcile net loss for the year/ period to cash received (paid) from operating activities:			
Depreciation and amortization	8, 9	878,583,215	804,224,778
General provision for credit activities	7.2	177,997,920	-
Unrealized loss on exchange	7.2	4,627,680	-
Interest income		(2,188,063,383)	(386,811,262)
Interest expenses		133,121,258	15,151,666
Cash from operations		(2,345,932,398)	(3,299,647,697)
Interest received		2,114,491,998	149,589,040
Interest paid		(134,399,273)	(6,724,387)
Net cash used in operating activities before changes in operating assets and liabilities		(365,839,673)	(3,156,783,044)
Changes in operating assets and liabilities :			
Decrease (increase) in operating assets:			
Statutory deposits		24,540,684,019	(24,985,000,000)
Loans to customers		(15,100,826,097)	-
Other assets		681,828,884	(5,802,889,933)
Increase (decrease) in operating liabilities:			
Due to customers		2,229,016,064	1,983,872,575
Other liabilities		50,068,218	120,187,800
Net cash provided by (used in) operating activities		12,034,931,415	(31,840,612,602)

BANGKOK BANK PUBLIC COMPANY LIMITED - PAKSE BRANCH
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : LAK

	Notes	For the year ended December 31, 2017	For the period from January 5, 2016 (date of establishment) to December 31, 2016
Cash flows from investing activities			
Purchases of held-to-maturity investments		-	(20,000,000,000)
Proceeds from redemption of held-to-maturity investments		10,000,000,000	-
Purchases of intangible assets		-	(553,842,600)
Purchases of tangible assets		(90,856,821)	(4,389,080,131)
Net cash provided by (used in) investing activities		<u>9,909,143,179</u>	<u>(24,942,922,731)</u>
Cash flows from financing activities			
Branch capital		-	101,650,000,000
Net balance of inter-office accounts with			
Head Office and other branches under the same entity		(2,718,521,127)	(11,707,930,555)
Net cash (used in) provided by financing activities		<u>(2,718,521,127)</u>	<u>89,942,069,445</u>
Net increase in cash and cash equivalents		19,225,553,467	33,158,534,112
Cash and cash equivalents at beginning of the year/ period		33,158,534,112	-
Cash and cash equivalents at end of the year/ period		<u>52,384,087,579</u>	<u>33,158,534,112</u>
Cash and cash equivalents			
Cash	4	1,591,973,915	2,084,361,666
Demand deposits with Central Bank	5	50,792,113,664	31,074,172,446
		<u>52,384,087,579</u>	<u>33,158,534,112</u>

Notes to the financial statements form an integral part of these statements

BANGKOK BANK PUBLIC COMPANY LIMITED - PAKSE BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Bangkok Bank Public Company Limited (the “Bank”) is incorporated in Thailand. Bangkok Bank Public Company Limited - Pakse Branch (the “Branch”) is a branch office of the Bank that operates in the Lao People’s Democratic Republic (“Lao PDR”) under a banking license (License No. 40/BoL) granted by the Bank of Lao PDR (“BoL”) on December 10, 2015. The Branch’s main business is commercial banking in Lao PDR.

These financial statements were approved for issue by the Branch’s management on March 30, 2018.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

The Branch is not a separate legal entity. The financial statements have been prepared from the records of the Branch and reflected only transactions recorded locally.

The financial statements have been prepared in accordance with regulations of the Bank of Lao PDR and the Branch’s principal accounting policies as described in respective notes to financial statements. The accounting principles applied may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The accompanying financial statements are not intended to present the financial position and financial performance in accordance with other jurisdictions. Consequently, these financial statements are addressed only to those who are informed about the Branch’s accounting principles, procedures and practices.

The financial statements have been prepared on an accrual basis under the measurement basis of historical cost as disclosed in the accounting policies (See Note 3).

The preparation of financial statements in conformity with the Branch’s accounting policies requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of income

The Branch recognizes interest and fee income on an accrual basis, except for interest from customers which was accrued over three months, such interest is recognized when received. The Branch reverses all accrued interest income for items which are no longer on an accrual basis.

3.2 Recognition of expenses

The Branch recognizes interest and fee expenses on an accrual basis.

3.3 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, balances with Central Bank, deposits with other banks and other short-term highly liquid investments with original maturities of 30 days or less.

3.4 Held-to-maturity investments

Held-to-maturity investments for which the Branch has the intent and the ability to hold until maturity are classified as held-to-maturity debt securities and carried at the amortized cost, net of valuation allowances for impairment (if any).

3.5 Loans to customers

The Branch recognizes loans to customers at cost when cash is advanced to a borrower and derecognizes when getting repayment or writing off.

Overdraft are carried at the drawn amounts including interest. Other loans to customers are carried at the principal amounts.

3.6 Allowance for doubtful accounts

Loan classification and provision for losses are made in accordance with BoL regulations No.324/BoL dated April 19, 2011 on Article 4. These classifications are applied as guidance to assist the Branch to better estimate its loan loss provision as follows:

Classification	Number of days past due	Provision
Normal	1 to 30 days	Accordance with BoL regulation
Special mentioned	31 to 90 days	3.00%
Substandard	91 to 180 days	20.00%
Doubtful	181 to 360 days	50.00%
Loss	Over 360 days	100.00%

Change in provision for non-performing loans are recorded to the statement of income as allowance for doubtful debt or reverse on allowance for doubtful debt. Allowance for doubtful accounts is recorded in the statement of financial position in allowance for doubtful accounts as a contra account of loans to customers.

In accordance with the relevant accounting regulation by the Bank of Lao, changes in general provision for credit activities are recorded to the statement of income as other operating expense for general provision expense and other operating income for reversal of general provision expense. General provision reserve is recorded in the statement in financial position in general provision for credit activities under Head Office account.

3.7 Fixed assets

Fixed assets consist of intangible assets and tangible assets.

3.7.1 Intangible assets are stated at cost net of accumulated amortization and allowance for impairment (if any).

Amortization is calculated by the straight-line method, based on the legal rates applicable.

Start-up cost	2 years
Computer software	2 years

When intangible assets become impaired, the allowance for impairment is recorded to recognize loss on impairment as other operating expense.

Gains or losses on disposal of intangible assets are recognized as other operating income or expenses upon disposal.

3.7.2 Tangible assets are stated at cost net of accumulated depreciation and allowance for impairment (if any).

Depreciation is calculated by the straight-line method, based on the legal rates applicable.

Leasehold improvements	20 years
Furniture and fixtures	5 years
Computer equipment	5 years

When tangible assets become impaired, the allowance for impairment is recorded to recognize loss on impairment as other operating expense.

Gains or losses on disposal of tangible assets are recognized as other operating income or expenses upon disposal.

3.8 Foreign currency translation

Items included in the financial statements are measured using Lao Kip ("LAK").

Foreign currency transactions are translated into Lao Kip using the exchange rates prevailing at the date of the transactions.

Foreign currency assets and liabilities outstanding at the statement of financial positions date and income and expenses for each statement of income presented are translated into Lao Kip using the reference rates of exchange of the Bangkok Bank Public Company Limited ruling at that date.

Gains and losses resulting from the settlement of such transactions when incurred and from the foreign exchange translation are recognized in the statement of income.

3.9 Income tax expenses

Income tax expenses (if any) on the profit or loss for the year comprises current tax.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the statement of financial position date.

3.10 Use of management's judgments

The preparation of financial statements in conformity with the regulations of BoL and accounting policies set out in Note 3 to the financial statements requires the Branch's management to exercise judgment in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the last date of the reporting period and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

4. CASH ON HAND

Cash on hand as at December 31, consists of the following:

	2017	2016
	LAK	LAK
Lao Kip ("LAK")	486,352,000	297,263,000
Foreign currencies ("FC")	1,105,621,915	1,787,098,666
	<u>1,591,973,915</u>	<u>2,084,361,666</u>

5. DEPOSITS WITH CENTRAL BANK

Deposits with central bank as at December 31, consists of the following:

	2017	2016
	LAK	LAK
Demand deposits	50,792,113,664	31,074,172,446
Customer deposits reserve	439,315,981	-
Branch capital	5,000,000	24,985,000,000
	<u>51,236,429,645</u>	<u>56,059,172,446</u>

Customers deposits reserve with the BoL is maintained in compliance with applicable BoL regulations, the amounts of which are determined as a defined percentage of customers' deposits with the Branch, i.e. 5% on deposits of Lao Kip and 10% on deposits of foreign currencies. These deposits do not earn interest.

Branch capital are maintained with the BoL in compliance with BoL regulations. These deposits do not earn interest.

6. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments as at December 31, consists of the following:

	2017	2016
	LAK	LAK
Held-to-maturity investments		
Bonds issued by the Ministry of Finance (MOF)	10,000,000,000	20,000,000,000
	<u>10,000,000,000</u>	<u>20,000,000,000</u>

Details of bond as at December 31, 2017 are as follows:

Term	Issued date	Maturity date	Interest rate	2017
			% p.a.	LAK
3 years	November 11, 2016	November 11, 2019	6.00	10,000,000,000
				<u>10,000,000,000</u>

Details of bonds as at December 31, 2016 are as follows:

Term	Issued date	Maturity date	Interest rate	2016
			% p.a.	LAK
1 year	October 14, 2016	October 14, 2017	5.00	10,000,000,000
3 years	November 11, 2016	November 11, 2019	6.00	10,000,000,000
				<u>20,000,000,000</u>

7. LOANS TO CUSTOMERS, NET

Loans to customers, net as at December 31, consists of the following:

	2017	2016
	LAK	LAK
Loans to customers	15,100,826,097	-
<u>Less Allowance for doubtful accounts</u>	<u>-</u>	<u>-</u>
	<u>15,100,826,097</u>	<u>-</u>

7.1 Loan to customers are classified as follows:

7.1.1 Classified by product type as at December 31, are as follows:

	2017	2016
	LAK	LAK
Loans	15,100,826,097	-
	<u>15,100,826,097</u>	<u>-</u>

7.1.2 Classified by currency as at December 31, are as follows:

	2017	2016
	LAK	LAK
LAK	1,999,840,000	-
THB	13,100,986,097	-
	<u>15,100,826,097</u>	<u>-</u>

7.1.3 Classified by performance as at December 31, are as follows:

	2017	2016
	LAK	LAK
Performing loans	15,100,826,097	-
Non-performing loans ("NPL")	-	-
	<u>15,100,826,097</u>	<u>-</u>

7.2 Allowance for doubtful accounts

Allowance for doubtful accounts as at December 31, 2017 consist of the following (as at December 31, 2016: Nil):

	2017	2017	Total
	Allowance for	General provision	
	doubtful accounts	for credit activities	
	LAK	LAK	LAK
Beginning balance	-	-	-
Add Doubtful accounts during the year	-	177,997,920	177,997,920
Foreign exchange translation difference	-	4,627,680	4,627,680
Ending balance	<u>-</u>	<u>182,625,600</u>	<u>182,625,600</u>

The breakdown of loan classification and provision required by BoL as at December 31, 2017 are as follow (as at December 31, 2016: Nil):

	2017	2017	2017	Total
	Loan balance	Allowance for	General provision	
		doubtful accounts	for credit activities	
	LAK	for NPL	LAK	LAK
	LAK	LAK	LAK	LAK
Performing loans				
Normal	15,100,826,097	-	182,625,600	182,625,600
	<u>15,100,826,097</u>	<u>-</u>	<u>182,625,600</u>	<u>182,625,600</u>

As at December 31, 2017 the Branch has allowance for doubtful accounts for performing loans in the statement of financial position as general provision for credit activities of LAK 182,625,600 (as at December 31, 2016: Nil).

8. INTANGIBLE ASSETS

Intangible assets as at December 31, consists of the following:

As at December 31, 2017

	Balances as at January 1, 2017 LAK	Additions LAK	Disposals LAK	Balances as at December 31, 2017 LAK
Cost:				
Start-up cost	488,818,600	-	-	488,818,600
Computer software	65,024,000	-	-	65,024,000
Total cost	<u>553,842,600</u>	<u>-</u>	<u>-</u>	<u>553,842,600</u>
Accumulated amortization:				
Start-up cost	(244,409,300)	(244,409,300)	-	(488,818,600)
Computer software	(32,512,000)	(31,889,335)	-	(64,401,335)
Total accumulated amortization	<u>(276,921,300)</u>	<u>(276,298,635)</u>	<u>-</u>	<u>(553,219,935)</u>
Intangible assets	<u>276,921,300</u>			<u>622,665</u>

As at December 31, 2016

	Balances as at January 5, 2016 (date of establishment) LAK	Additions LAK	Disposals LAK	Balances as at December 31, 2016 LAK
Cost:				
Start-up cost	-	488,818,600	-	488,818,600
Computer software	-	65,024,000	-	65,024,000
Total cost	<u>-</u>	<u>553,842,600</u>	<u>-</u>	<u>553,842,600</u>
Accumulated amortization:				
Start-up cost	-	(244,409,300)	-	(244,409,300)
Computer software	-	(32,512,000)	-	(32,512,000)
Total accumulated amortization	<u>-</u>	<u>(276,921,300)</u>	<u>-</u>	<u>(276,921,300)</u>
Intangible assets	<u>-</u>			<u>276,921,300</u>

Amortization

For the year ended December 31, 2017	<u>276,298,635</u>
For the period from January 5, 2016 (date of establishment) to December 31, 2016	<u>276,921,300</u>

9. TANGIBLE ASSETS

Tangible assets as at December 31, consists of the following:

As at December 31, 2017

	Balances as at January 1, 2017 LAK	Additions LAK	Disposals LAK	Balances as at December 31, 2017 LAK
Cost:				
Leasehold improvements	2,077,118,422	31,413,756	-	2,108,532,178
Furniture and fixtures	1,643,859,088	27,478,073	-	1,671,337,161
Computer equipment	668,102,621	31,964,992	-	700,067,613
Total cost	<u>4,389,080,131</u>	<u>90,856,821</u>	<u>-</u>	<u>4,479,936,952</u>
Accumulated depreciation:				
Leasehold improvements	(69,390,629)	(138,272,213)	-	(207,662,842)
Furniture and fixtures	(325,712,637)	(329,575,211)	-	(655,287,848)
Computer equipment	(132,200,212)	(134,437,156)	-	(266,637,368)
Total accumulated depreciation	<u>(527,303,478)</u>	<u>(602,284,580)</u>	<u>-</u>	<u>(1,129,588,058)</u>
Tangible assets	<u>3,861,776,653</u>			<u>3,350,348,894</u>

As at December 31, 2016

	Balances as at January 1, 2016 (date of establishment) LAK	Additions LAK	Disposals LAK	Balances as at December 31, 2016 LAK
Cost:				
Leasehold improvements	-	2,077,118,422	-	2,077,118,422
Furniture and fixtures	-	1,643,859,088	-	1,643,859,088
Computer equipment	-	668,102,621	-	668,102,621
Total cost	<u>-</u>	<u>4,389,080,131</u>	<u>-</u>	<u>4,389,080,131</u>
Accumulated depreciation:				
Leasehold improvements	-	(69,390,629)	-	(69,390,629)
Furniture and fixtures	-	(325,712,637)	-	(325,712,637)
Computer equipment	-	(132,200,212)	-	(132,200,212)
Total accumulated depreciation	<u>-</u>	<u>(527,303,478)</u>	<u>-</u>	<u>(527,303,478)</u>
Tangible assets	<u>-</u>			<u>3,861,776,653</u>

Depreciation

For the year ended December 31, 2017	<u>602,284,580</u>
For the period from January 5, 2016 (date of establishment) to December 31, 2016	<u>527,303,478</u>

10. ACCRUED RECEIVABLES

Accrued receivables as at December 31, consists of the following:

	2017	2016
	LAK	LAK
Accrued interest receivables - due from other branch	145,764,330	42,500,000
Accrued interest receivables - investments	85,000,000	194,722,222
Accrued interest receivables - loans to customers	80,029,277	-
	<u>310,793,607</u>	<u>237,222,222</u>

11. OTHER ASSETS

Other assets as at December 31, consists of the following:

	2017	2016
	LAK	LAK
Prepaid expenses	5,121,061,049	5,802,889,933
	<u>5,121,061,049</u>	<u>5,802,889,933</u>

12. DUE TO CUSTOMERS

Due to customers as at December 31, consists of the following:

	2017	2016
	LAK	LAK
Demand deposits		
Current deposits	1,170,339,246	504,198,067
Saving deposits	2,534,528,845	1,080,817,296
Total	<u>3,704,868,091</u>	<u>1,585,015,363</u>
Time deposits		
Fixed deposits	507,280,228	398,857,212
Total	<u>507,280,228</u>	<u>398,857,212</u>
Other liabilities	740,320	-
	<u>4,212,888,639</u>	<u>1,983,872,575</u>

Due to customers are classified by currency as at December 31, consists of the following:

	2017	2016
	LAK	LAK
LAK	524,463,367	467,960,984
USD	1,223,978,503	597,274,434
THB	2,464,446,769	918,637,157
	<u>4,212,888,639</u>	<u>1,983,872,575</u>

13. ACCRUED PAYABLES

Accrued payables as at December 31, consists of the following:

	2017	2016
	LAK	LAK
Accrued interest payables - due to customers	7,149,264	8,427,279
	<u>7,149,264</u>	<u>8,427,279</u>

14. BRANCH CAPITAL

The Branch has an initial registered branch capital amount of LAK 101.65 billion. As at December 31, 2017 and 2016, the Branch has registered branch capital of LAK 101.65 billion.

15. RELATED PARTY BALANCES AND TRANSACTIONS

Related party balances as at December 31, consists of the followings:

	2017	2016
	LAK	LAK
Due from other branch		
Deposits	48,131,870,654	21,160,416,948
Due to other branch		
Deposits	33,705,418,972	9,452,486,393

Due from other branch as at December 31, are classified as follows:

	2017	2016
	LAK	LAK
a) By type:		
Demand deposits	23,131,870,654	11,160,416,948
Time deposits	25,000,000,000	10,000,000,000
	<u>48,131,870,654</u>	<u>21,160,416,948</u>
b) By currencies:		
LAK	41,436,163,127	16,355,293,363
USD	4,189,231,825	2,740,719,510
THB	2,506,475,702	2,064,404,075
	<u>48,131,870,654</u>	<u>21,160,416,948</u>

Interest rates on deposits due from other branch for the year ended December 31, 2017 are 3.00% to 3.25% per annum.

Interest rates on deposits due from other branch for the period from January 5, 2016 (date of establishment) to December 31, 2016 was 3.00% per annum.

Due to other branch as at December 31, are classified as follows:

	2017	2016
	LAK	LAK
a) By type:		
Demand deposits	28,627,418,972	9,452,486,393
Time deposits	5,078,000,000	-
	<u>33,705,418,972</u>	<u>9,452,486,393</u>
b) By currencies:		
LAK	18,293,749,700	3,903,767,000
USD	4,880,048,850	5,104,375,000
THB	10,531,620,422	444,344,393
	<u>33,705,418,972</u>	<u>9,452,486,393</u>

Interest rates on deposits due to other branch for the year ended December 31, 2017 are 3.25% per annum (for the period from January 5, 2016 (date of establishment) to December 31, 2016: nil).

Significant transactions with related parties for the year ended December 31, 2017 and for the period from January 5, 2016 (date of establishment) to December 31, 2016 are conducted on normal commercial terms as follows:

	2017	2016
	LAK	LAK
Interest income		
Other branch	675,323,438	42,500,000
Interest expenses		
Other branch	103,542,510	-

16. FINANCIAL RISK MANAGEMENT

The guidelines and policies adopted by the Branch to manage the risks that arise in the conduct of its business activities are as follows:

16.1 Credit risk

Credit risk is the potential loss of revenue and principal in the form of specific provisions as a result of defaults by the borrowers or counterparties through its lending, hedging and investing activities.

The primary exposure to credit risk arises through its loans and advances. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the statements of financial position. The Branch's lending activities are guided by the Bank's credit policy to ensure that the overall objectives in the area of lending are achieved i.e., the Bank's overall loan portfolio is strong and healthy and credit risks are well diversified. The credit policy documents the lending policy, collateral policy and credit approval processes.

16.2 Market risk

Market risk is the risk of loss arising from adverse movement in the level of market prices or rates, the two key components being foreign currency exchange risk and interest rate risk.

(i) Foreign currency exchange risk

Foreign currency exchange risk refers to the adverse exchange rate movements on foreign currency exchange positions taken from time to time. The Branch maintains the Bank's policy of not exposing itself to large foreign exchange positions. Any foreign currency exchange open positions are monitored against the operating requirements and predetermined position limits.

(ii) Interest rate risk

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rate and shifts in the composition of the assets and liabilities. Interest rate risk is managed through close monitoring of returns on investment, market pricing, and cost of funds and through re-pricing gap by the Bank's Risk Management Group.

16.3 Liquidity risk

Liquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

The Bank fully supports the Branch's liquidity position. The Bank's Risk Management Group closely monitors all inflows and outflows and maturity gaps through periodical reporting. Movements in loans and customers' deposits are monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations when they fall due.

17. RECLASSIFICATIONS

Reclassifications have been made in the statement of financial position as at December 31, 2016 to conform to the presentation used in the statement of financial position as at December 31, 2017 as follows:

Items	Previous presentation	Current presentation	Amount LAK
Deposits from other branch	Due from Other Banks- Time deposits	Due from other branch	10,000,000.000
Deposits from other branch	Due to Other Banks- Demand deposits	Due to other branch	11,160,416,948
Withholding tax payables	Tax payable	Other Liabilities - Others	1,596,800
Interest expenses from overdraft for interbank	Interest expenses for customers	Interest expenses for interbank	500
Due to other branch	Other liabilities	Due to other branch	9,452,486.393