

**Bangkok Bank Public Company Limited,  
Pakse Branch**

Financial Statements

31 December 2018



# Bangkok Bank Public Company Limited, Pakse Branch

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# Bangkok Bank Public Company Limited, Pakse Branch

## GENERAL INFORMATION

### THE BRANCH

Bangkok Bank Public Company Limited, Pakse Branch ("the Branch") is a branch of Bangkok Bank Public Company Limited, a bank incorporated in Thailand. The Branch operates in the Lao People's Democratic Republic ("Lao PDR") under the Banking Business License No. 40/BOL granted by Bank of the Lao PDR ("the BOL") on 10 December 2015.

The Branch's contributed capital as at 31 December 2018 is LAK 101,650,000,000 (31 December 2017: LAK 101,650,000,000).

The principal activities of the Branch are to provide comprehensive banking and related financial services in Lao PDR.

The Branch is located at 03 Sala Kiew-Dongjong Road, Phonsavanh Village, Champasak Province, Lao PDR.

### MANAGEMENT

Members of Management during the year and at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mr. Somchoke Worakunpisit	Branch Manager	17 December 2015

### LEGAL REPRESENTATIVE

The legal representative of the Branch during the year and the date of this report is Mr. Somchoke Worakunpisit, the Branch Manager.

### AUDITORS

The auditors of the Branch are Ernst & Young Lao Co., Ltd.

# Bangkok Bank Public Company Limited, Pakse Branch

## REPORT OF MANAGEMENT

Management of Bangkok Bank Public Company Limited, Pakse Branch ("the Branch") is pleased to present its report and the Branch's financial statements as at and for the year ended 31 December 2018.

### MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Branch's Management is responsible for the financial statements of each financial year which give a true and fair view of the financial position of the Branch and of the results of its operations and its cash flows for the year. In preparing those financial statements, management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgments and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Branch will continue its business.


Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Branch and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Branch and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the financial statements.

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying financial statements as at 31 December 2018 and for the year then ended are prepared, in all material respects, in accordance with the Accounting Law of Lao PDR and the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements.

For and on behalf of Management:

  
Mr. Somchoke Worakunpisit  
Branch Manager



Champasak Province, Lao PDR

30 July 2019



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## INDEPENDENT AUDITORS' REPORT

**To: The owner 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 balance sheet as at 31 December 2018, the income statement, statement of changes in equity and cash flow statement 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 of the Branch are prepared, in all material respects, in accordance with the Accounting Law of Lao PDR and with the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of 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 *Auditors' 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 in Lao PDR, and we have fulfilled our other ethical responsibilities in accordance these requirements and the IESBA Code. 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***

We draw attention to Note 2 to the financial statements, which describes the accounting policies adopted by the Branch. These accounting policies are not intended to present the financial position, the results of operations and cash flows of the Branch in accordance with international generally accepted accounting principles. 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 year ended 31 December 2017 were audited by another audit firm which expressed an unmodified opinion on those financial statements on 30 March 2018.

### ***Responsibilities of the Branch's Management for the Financial Statements***

The Branch's management is responsible for the preparation of the financial statements in accordance with the Accounting Law of Lao PDR and with the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements, and for such internal control as management determines is necessary to enable the preparation of the 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.

### ***Auditors' 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.
- ▶ 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 appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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.

*Ernst & Young Lao*



Vientiane Capital, Lao PDR

30 July 2019

# Bangkok Bank Public Company Limited, Pakse Branch

INCOME STATEMENT  
for the year ended 31 December 2018

Code	ITEMS	Notes	2018 LAK	2017 LAK
<b>A.</b>	<b>OPERATING INCOME AND EXPENSES</b>			
1.	Interest and similar income	3	3,126,390,334	2,188,063,383
2.	Interest and similar expenses	3	(248,674,028)	(133,121,258)
<b>I.</b>	<b>NET INTEREST AND SIMILAR INCOME</b>	3	2,877,716,306	2,054,942,125
3	Fees and commission income	4	257,909,158	293,439,489
4	Fees and commission expense	4	(87,540,000)	(37,165,000)
5	Net gain from dealing in foreign currencies	5	1,404,181,751	607,081,222
<b>II.</b>	<b>NET OPERATING INCOME</b>		4,452,267,215	2,918,297,836
<b>B</b>	<b>OTHER INCOME AND EXPENSES</b>			
6	Other operating income	6	19,294,668	84,949
7	Administration expenses		(3,470,840,362)	(3,209,373,058)
7.1	Payroll and other staff costs	7	(2,082,854,650)	(1,894,417,948)
7.2	Other administration expenses	8	(1,373,945,260)	(1,299,040,882)
7.3	Other operating expenses		(14,040,452)	(15,914,228)
8	Depreciation and amortization charges	15, 16	(585,349,740)	(878,583,215)
9	Other operating expenses	9	(4,560,000)	(182,625,600)
<b>III.</b>	<b>PROFIT/(LOSS) BEFORE TAX</b>		410,811,781	(1,352,199,088)
10	Current profit tax	22	-	-
<b>IV.</b>	<b>NET PROFIT/(LOSS) FOR THE YEAR</b>		410,811,781	(1,352,199,088)

Prepared by:



Mr. Vixaya Chareunsouk  
Accountant

Approved by:



Mr. Somchoke Worakunpisit  
Branch Manager

Champasak Province, Lao PDR

30 July 2019

# Bangkok Bank Public Company Limited, Pakse Branch

BALANCE SHEET  
as at 31 December 2018

Code	ASSETS	Notes	31 December 2018 LAK	31 December 2017 LAK (Restated)
<b>I</b>	<b>Cash and balances with the BOL</b>		<b>16,391,435,961</b>	<b>52,828,403,560</b>
1	Cash on hand	10	4,002,196,277	1,591,973,915
2	Accounts with the BOL	11	12,389,239,684	51,236,429,645
<b>II</b>	<b>Due from banks</b>		<b>54,480,511,082</b>	<b>52,228,487,933</b>
1	Demand deposits	12.1	9,480,511,082	27,228,487,933
2	Term deposits	12.2	45,000,000,000	25,000,000,000
<b>III</b>	<b>Investments</b>		<b>20,000,000,000</b>	<b>10,000,000,000</b>
1	Held to maturity securities	13	20,000,000,000	10,000,000,000
<b>IV</b>	<b>Loans to customers, net of provision for non-performing loans</b>	<b>14</b>	<b>14,217,881,664</b>	<b>15,100,826,097</b>
<b>V</b>	<b>Fixed assets</b>		<b>2,775,628,319</b>	<b>3,350,971,559</b>
1	Tangible fixed assets	15	2,775,628,319	3,350,348,894
2	Intangible fixed assets	16	-	622,665
<b>VI</b>	<b>Other assets</b>		<b>6,325,140,743</b>	<b>5,469,525,174</b>
1	Accrued interest receivable	17	600,245,971	331,140,388
2	Others	18	5,724,894,772	5,138,384,786
	<b>TOTAL ASSETS</b>		<b>114,190,597,769</b>	<b>138,978,214,323</b>

Code	LIABILITIES AND CAPITAL	Notes	31 December 2018 LAK	31 December 2017 LAK (Restated)
<b>I</b>	<b>Due to banks</b>	<b>19</b>	<b>9,290,750,000</b>	<b>5,078,000,000</b>
1	Term deposits		9,290,750,000	5,078,000,000
<b>II</b>	<b>Due to customers</b>	<b>20</b>	<b>7,545,012,261</b>	<b>8,309,505,919</b>
1	Demand and saving deposits		6,305,804,322	7,801,485,371
2	Term deposits		1,239,207,939	507,280,228
3	Other payables		-	740,320
<b>III</b>	<b>Other liabilities</b>		<b>207,821,114</b>	<b>28,842,494,771</b>
1	Accrued interest payable	21	36,709,979	27,496,045
2	Tax payable to the state	22.1	2,147,225	1,811,450
3	Others	23	168,963,910	28,813,187,276
	<b>TOTAL LIABILITIES</b>		<b>17,043,583,375</b>	<b>42,230,000,690</b>
<b>IV</b>	<b>Capital and reserves</b>		<b>97,147,014,394</b>	<b>96,748,213,633</b>
1	Contributed capital	24	101,650,000,000	101,650,000,000
2	Provision for performing loans	14.2	170,614,580	182,625,600
3	Accumulated Losses		(4,673,600,186)	(5,084,411,967)
	<b>TOTAL CAPITAL</b>		<b>97,147,014,394</b>	<b>96,748,213,633</b>
	<b>TOTAL LIABILITIES AND CAPITAL</b>		<b>114,190,597,769</b>	<b>138,978,214,323</b>



# Bangkok Bank Public Company Limited, Pakse Branch

BALANCE SHEET (continued)  
as at 31 December 2018

Code	OFF BALANCE SHEET ITEMS	Notes	31 December 2018 LAK	31 December 2017 LAK
<b>II</b>	<b>COLLATERALS AND MORTGAGES</b>			
<b>A</b>	<b>Collaterals and Mortgages for loans</b>		<b>18,400,960,000</b>	<b>18,400,960,000</b>
1	Collaterals and Mortgages for loans and advance to customers		18,400,960,000	18,400,960,000
<b>B</b>	<b>Collaterals and Mortgages for guarantees given</b>		-	-
	<b>TOTAL COLLATERAL AND MORTGAGES</b>		<b>18,400,960,000</b>	<b>18,400,960,000</b>

Prepared by:



Mr. Vixaya Chareunsouk  
Accountant

Champasak Province, Lao PDR

30 July 2019

Approved by:



  
Mr. Somchoke Worakumpisit  
Branch Manager

# Bangkok Bank Public Company Limited, Pakse Branch

STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 December 2018

	Paid-up capital LAK	Regulatory reserve fund LAK	Provision for performing loans LAK	Accumulated losses LAK	Total LAK
<b>Balances as at 01 January 2017</b>	101,650,000,000	-	-	(3,732,212,879)	97,917,787,121
Net loss for the year	-	-	-	(1,352,199,088)	(1,352,199,088)
Net provision for performing loans during the year (Note 14.2)	-	-	182,625,600	-	182,625,600
<b>Balance as at 31 December 2017</b>	101,650,000,000	-	182,625,600	(5,084,411,967)	96,748,213,633
Net profit for the year	-	-	-	410,811,781	410,811,781
Reversal of provision for performing loans during the year (Note 14.2)	-	-	(19,218,220)	-	(19,218,220)
Foreign exchange difference	-	-	7,207,200	-	7,207,200
<b>Balance as at 31 December 2018</b>	101,650,000,000	-	170,614,580	(4,673,600,186)	97,147,014,394

Prepared by:



Mr. Vixaya Chareunsouk  
Accountant

Approved by:



A. Somchoke Worakumpisit  
Mr. Somchoke Worakumpisit  
Branch Manager

Champasak Province, Lao PDR

30 July 2019

# Bangkok Bank Public Company Limited, Pakse Branch

CASH FLOW STATEMENT  
for the year ended 31 December 2018

ITEMS	Notes	2018 LAK	2017 LAK
<b>Net profit/(loss) before tax</b>		<b>410,811,781</b>	<b>(1,352,199,088)</b>
Adjustments for:			
Depreciation and amortization charges	15,16	585,349,740	878,583,215
Provision of credit activities	14.2	(19,218,220)	182,625,600
Interest income		(3,126,390,334)	(2,188,063,383)
Interest expense		248,674,028	133,121,258
<b>Cash flows used in operating profit before changing in operating assets and liabilities</b>		<b>(1,900,773,005)</b>	<b>(2,345,932,398)</b>
(Increase)/Decrease in operating assets			
Due from banks		(20,054,001,635)	9,540,684,019
Held to maturity securities		(10,000,000,000)	10,000,000,000
Loans to customers		882,944,434	(15,100,826,097)
Other assets		(579,302,786)	664,505,147
Increase/(Decrease) in operating liabilities			
Due to banks		4,212,750,000	5,078,000,000
Due to customers		(764,493,658)	6,325,633,344
Other liabilities		(28,643,887,590)	19,242,324,532
Interest received		2,857,284,751	2,094,145,217
Interest paid		(239,460,096)	(114,052,491)
<b>Net cash flows (used in)/from operating activities</b>		<b>(54,228,939,585)</b>	<b>35,384,481,273</b>
<b>INVESTING ACTIVITIES</b>			
Purchase and construction of fixed assets and other long-term assets		(10,006,500)	(90,856,821)
<b>Net cash flows used in investing activities</b>		<b>(10,006,500)</b>	<b>(90,856,821)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Net change in cash and cash equivalents</b>		<b>(54,238,946,085)</b>	<b>35,293,624,452</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>79,612,575,512</b>	<b>44,318,951,060</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>25</b>	<b>25,373,629,427</b>	<b>79,612,575,512</b>

Prepared by:



Mr. Vixaya Chareunsouk  
Accountant

Champasak Province, Lao PDR

30 July 2019

Approved by:



Mr. Somchoke Worakunpisit  
Branch Manager

# Bangkok Bank Public Company Limited, Pakse Branch

NOTES TO THE FINANCIAL STATEMENTS  
as at and for the year ended 31 December 2018

## 1. CORPORATE INFORMATION

### *Establishment and operations*

Bangkok Bank Public Company Limited, Pakse Branch ("the Branch") is a branch of Bangkok Bank Public Company Limited, a bank incorporated in Thailand. The Branch operates in the Lao People's Democratic Republic ("Lao PDR") under the Banking Business License No. 40/BOL granted by Bank of the Lao PDR ("the BOL") on 10 December 2015.

### *Contributed capital*

The Branch's contributed capital as at 31 December 2018 is LAK 101,650,000,000 (31 December 2017: LAK 101,650,000,000).

The principal activities of the Branch are to provide comprehensive banking and related financial services in Lao PDR.

### *Management*

The members of the Management during the year and at the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mr. Somchoke Worakunpisit	Branch Manager	17 December 2015

### *Location*

The Branch is located at 03 Sala Kiew-Dongjong Road, Phonsavanh Village, Champasak Province, Lao PDR.

### *Employees*

Total employees of the Branch as at 31 December 2018 are 08 people (2017: 08 people).

# Bangkok Bank Public Company Limited, Pakse Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 *Statement of compliance*

Management of the Branch states that the accompanying financial statements have been prepared in compliance with the Accounting Law of Lao PDR and the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements.

### 2.2 *Basis of preparation*

The Branch prepared its financial statements in Lao Kips ("LAK") in accordance with Decree No. 02/PR by the Prime Minister of Lao PDR dated 22 March 2000 and the Accounting Law of Lao PDR and the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements ("LAS").

The accompanying financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Lao PDR. Accordingly, the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes thereto are not designed for those who are not informed about Lao PDR's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Lao PDR.

#### *Fiscal year*

The fiscal year of the Branch starts on 1 January and ends on 31 December.

### 2.3. *Changes in accounting policies*

The accounting policies adopted by the Branch in preparation of these financial statements are consistent with those used in preparation of the Branch's financial statements for the year ended 31 December 2017, except for the changes in the accounting policies and notes in relation to the following operations:

As disclosed in Note 2.8, on 29 June 2018, the Governor of Bank of the Lao PDR issued Regulation 512/BOL ("BOL512") on classification of and provision for credit activities, which was effective on 27 September 2018 and replaced Regulation 324/BOL dated 19 April 2011. On 14 November 2018, the Banking Supervision Department of Bank of the Lao PDR issued Official Letter No. 898/DCBS providing guidance to certain areas of Regulation BOL512. These documents lead to the following significant changes:

- ▶ Classification: amending and supplementing the loan classification rule in regard of restructured loan.
- ▶ Provision: supplementing the option to include the discounted value of collateral in the provision calculation.
- ▶ Commitments: supplementing the recognition, classification and provisioning for commitments.

As there is no guidance from the BOL on retrospective application of the new regulations, the Branch has selected to apply the changes prospectively. Accordingly, all values and presentation of the comparative figures for 2017 remain unchanged.

# Bangkok Bank Public Company Limited, Pakse Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.4 *Recognition of interest income and expense*

Interest income and expense are recognized in the income statement on an accrual basis using straight method and the interest rates stipulated in the lending/depositing contracts with clients.

The recognition of accrued interest income is suspended when the loans become non-performing or when management believes that the borrower has no ability to repay the interest and principal. Interest income on such loans is only recorded in the income statement when actually received.

### 2.5 *Recognition of fee and commission income*

Fee and commission consists of fees received for fund transfer (including trade settlement), fee arising for foreign currency exchange transactions, fee arising from financial guarantees.

Fee and commissions are recognized in to the income statement on cash basis.

### 2.6 *Cash and cash equivalents*

Cash and cash equivalents consist of cash and highly liquid short-term investments with an original maturity of 30 days or less that are readily convertible to known amount of cash and accounts due from banks with original maturity of 30 days or less.

### 2.7 *Loans and advances to customers*

Loans and advances to customers are recognized at cost and presented at outstanding balance less provision for non-performing loans.

# Bangkok Bank Public Company Limited, Pakse Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.8 Classification of and provision for credit activities

#### Loan classification

In accordance with Regulation 512/BOL ("BOL512") dated 29 June 2018 and Official Letter No. 898/CBSD ("BOL898") dated 14 November 2018, the Branch has classified loans into 5 groups based on the payment arrears status and other qualitative factors. Loans classified as either Normal or Pass (Group A) or Watch or Special Mention (Group B) are considered as Performing loans. Loans classified as either Substandard (Group C) or Doubtful (Group D) or Loss (Group E) are considered as Non-performing loans ("NPL").

#### Provision

In accordance with BOL512 and BOL898, the Branch creates provision for loans based on their classification groups as follows:

Group	Provision rate	Provision type (i)	Accounting for provision balance (ii)	Accounting for changes in provision balance (iii)
<i>Performing loans</i>				
A	0.5% (*)	General	In equity	Other expense/ income
B	3%	Specific	In equity	Other expense/ income
<i>NPLs</i>				
C	20% (*)	Specific	Deducted to loan balance	Net provision for NPL
D	50%	Specific	Deducted to loan balance	Net provision for NPL
E	100%	Specific	Deducted to loan balance	Net provision for NPL

(i) Provision amount is calculated by the following formulas:

a. General provision = Provision rate x Loan outstanding balance

b. Specific provision = Provision rate x (Loan outstanding balance – discounted value of collateral)

where the Branch has opted to include the discounted value of collateral in the provision calculation as allowed by BOL512 and BOL898.

(ii) The balance of provision for *performing loans* is recorded in the balance sheet in "Provision for performing loans" under capital and reserves of the Branch.

Accumulated balance of provision for *NPLs* is recorded in the balance sheet in "Loans to customers, net of provision for NPLs".

(iii) Changes in provision for *performing loans* are recorded to the income statement as "Other operating expenses" for provision expense and "Other operating income" for reversal of provision expense.

Changes in provision for *NPLs* are recorded to the income statement as "Net provision for NPLs charged to/(reversed out of) expense".

(\*) For the year ended 31 December 2018, the Branch used Head Office's provision rate of 1.20% for Group A and 36% for Group C, which was the same rate used in Bangkok Bank Public Company Limited, Vientiane Branch. These rates applicable for Bangkok Bank Public Company Limited, Vientiane Branch was approved by the BOL in accordance with the Official Letter No. 304/BOL dated 11 September 2014.

# Bangkok Bank Public Company Limited, Pakse Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.9 *Held-to-maturity investments*

Held-to-maturity investments are debt securities with fixed or determinable payments and maturities, which the Branch has intention and ability to hold to maturity to earn interest. When they are sold before maturity date, these securities will be reclassified as trading securities or available-for-sale securities.

Held-to-maturity securities are initially recognized at cost and subsequently presented at cost. Premiums and discounts arising from securities purchases are amortized in the income statement using the straight-line method over the period from the acquisition dates to the maturity dates.

Periodically, the held-to-maturity securities are subject to review for impairment. Provision for impairment of these securities is made when there has been a significant or prolonged decline in the fair value below their cost. Provision for impairment, if any, is recognized as "Net gain/(loss) from securities investment" in the income statement.

### 2.10 *Fixed assets*

Fixed asset includes of tangible and intangible fixed assets. Tangible fixed assets consist of building and improvements, furniture and fixtures, and computer equipment. Intangible fixed assets consist of start-up cost and software.

Fixed assets are stated at cost less accumulated depreciation, if any.

The cost of an asset comprises its purchase price plus any directly attributable costs of bringing the asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are capitalized and expenditures for maintenance and repairs are charged to the income statement.

Cost and accumulated depreciation of sold or disposed assets are derecognized in the balance sheet and any gains or losses resulting from their disposal are posted to the income statement.

When assets are sold or disposed, their cost and accumulated depreciation/amortization are removed from the balance sheet and any gains or losses resulting from their disposal are posted to the income statement.

### 2.11 *Depreciation and amortization of fixed assets*

Depreciation and amortization of fixed assets are provided on the straight-line basis at prescribed rates over their estimated useful life in accordance with the new Tax Law No. 70/NA dated 15 December 2015 which is effective on or after 24 May 2016. The following are the annual rates used:

#### *Tangible fixed assets:*

Building and improvements	5%
Furniture and fixtures	20%
Computer equipments	20%

#### *Intangible fixed assets:*

Software	50%
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# Bangkok Bank Public Company Limited, Pakse Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.12 Statutory Reserves

Under the requirement of the Law on commercial Bank dated 16 January 2007, foreign bank branches are required to appropriate net profit to following reserves:

- ▶ Regulatory reserve fund
- ▶ Business expansion fund and other funds

In accordance with Article 156, Enterprise Law dated 26 December 2013, the Bank is required to appropriate 10% of profit after tax each year into regulatory reserve fund. When this reserve fund reaches 50% of the registered capital, the Bank may suspend such provision, unless otherwise provided by the by laws. The Business expansion fund and other funds shall be created upon decision of the Management.

Since the Branch has suffered accumulated losses, the Branch has not provided statutory reserves for the ended 31 December 2018.

### 2.13 Foreign currency transactions

The Branch maintains its accounting system and records all transactions in original currencies. Income and expenses arising in foreign currencies during the year are converted into LAK monthly using the respective month's average exchange rates. Monetary assets and liabilities denominated in foreign currencies at year end are translated into LAK at exchange rates ruling on the balance sheet date. Foreign exchange differences arising from the translation of monetary assets and liabilities on the balance sheet date are recognized in equity in the balance sheet. The list of exchange rates of applicable foreign currencies against LAK on 31 December 2018 as presented below:

	<i>31 December 2018</i>	<i>31 December 2017</i>
	<i>LAK</i>	<i>LAK</i>
USD	8,536.00	8,275.00
THB	265.45	253.90

### 2.14 Profit tax

The Bank is obliged to pay profit tax at rate of 24% of total profit before tax for the year ended 31 December 2018 (2017: 24%) in accordance with the Tax Law No.70/NA dated 15 December 2015 which is effective on or after 24 May 2016. The Branch's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations in many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

# Bangkok Bank Public Company Limited, Pakse Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.15 Employee benefits

#### *Post-employment benefits*

Post-employment benefits are paid to retired employees of the Branch by the Social Security Fund Department which belongs to the Ministry of Labour and Social Welfare. The Branch is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 6.00% of employee's basic salary on a monthly basis. The Branch has no further obligation concerning post-employment benefits for its employees other than this.

#### *Termination benefits*

In accordance with Article 82 of the Amended Labour Law No. 43/NA approved by the President of the Lao People's Democratic Republic on 28 January 2014, the Bank has the obligation to pay allowance for employees who are terminated by dismissal in the following cases:

- ▶ The worker lacks specialised skills or is not in good health and thus cannot continue to work;
- ▶ The employer considers it necessary to reduce the number of workers in order to improve the work within the labour unit.

For the termination of an employment contract on any of the above-mentioned grounds, the employer must pay a termination allowance which is calculated on the basis of 10% of the basic monthly salary earned before the termination of work. As at 31 December 2018, there are no employees of the Branch who were dismissed under the above-mentioned grounds; therefore, the Branch has not made a provision for termination allowance in the financial statements.

## 3. NET INTEREST AND SIMILAR INCOME

	2018 <i>LAK</i>	2017 <i>LAK</i>
<b>Interest and similar income from:</b>		
Interbank transactions	1,346,280,802	675,323,438
Loans to customer	1,075,665,087	522,462,167
Held-to-maturity securities	704,444,445	990,277,778
	<b>3,126,390,334</b>	<b>2,188,063,383</b>
<b>Interest and similar expense for:</b>		
Due to other banks	(209,700,955)	(103,542,510)
Customer deposits	(38,973,073)	(29,578,748)
	<b>(248,674,028)</b>	<b>(133,121,258)</b>
<b>Net interest and similar income</b>	<b>2,877,716,306</b>	<b>2,054,942,125</b>

# Bangkok Bank Public Company Limited, Pakse Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 4. NET FEE AND COMMISSION INCOME

	2018 LAK	2017 LAK
<b>Fee and commission income from:</b>		
Settlement activities	257,909,158	293,439,489
<b>Fee and commission expenses for:</b>		
Treasury activities	(87,540,000)	(37,165,000)
<b>Net fee and commission income</b>	<b>170,369,158</b>	<b>256,274,489</b>

## 5. NET GAIN FROM DEALING IN FOREIGN CURRENCIES

	2018 LAK	2017 LAK
Income from foreign exchange spot rate differences	1,896,681,674	688,682,589
Expense from foreign exchange spot rate differences	(492,499,923)	(81,601,367)
<b>Net gain from dealing in foreign currencies</b>	<b>1,404,181,751</b>	<b>607,081,222</b>

## 6. OTHER OPERATING INCOME

	2018 LAK	2017 LAK
Reversal of provision for performing loans	19,218,220	-
Others	76,448	84,949
	<b>19,294,668</b>	<b>84,949</b>

## 7. PAYROLL AND OTHER STAFF COSTS

	2018 LAK	2017 LAK
Salary, wages and allowance	1,878,378,650	1,755,546,569
Social insurance	19,251,000	17,241,000
Meal allowance	67,200,000	64,036,363
Others	118,025,000	57,594,016
	<b>2,082,854,650</b>	<b>1,894,417,948</b>

# Bangkok Bank Public Company Limited, Pakse Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 8. OTHER ADMINISTRATION EXPENSES

	2018 LAK	2017 LAK
External services	119,276,946	104,639,549
Repair and maintenance	152,329,115	42,314,885
Publication, marketing and promotion	80,000	590,000
Office rental	667,562,000	667,562,000
Telecommunication	181,367,966	180,043,964
Training, meeting and seminar	424,000	2,173,683
Professional fee	96,000,000	91,806,000
Others	156,905,233	209,910,801
	<b>1,373,945,260</b>	<b>1,299,040,882</b>

## 9. OTHER OPERATING EXPENSES

	2018 LAK	2017 LAK
Provision for performing loans charged to expenses (Note 14.2)	-	182,625,600
Others	4,560,000	-
	<b>4,560,000</b>	<b>182,625,600</b>

## 10. CASH ON HAND

	31 December 2018 LAK	31 December 2017 LAK
Cash on hand	2,558,405,500	486,352,000
Cash on hand in LAK	1,443,790,777	1,105,621,915
Cash on hand in foreign currencies	-	-
	<b>4,002,196,277</b>	<b>1,591,973,915</b>

## 11. ACCOUNTS WITH BANK OF THE LAO PDR ("the BOL")

	31 December 2018 LAK	31 December 2017 LAK
Compulsory deposit	493,317,616	439,315,981
Demand deposit	11,890,922,068	50,792,113,664
Registered capital deposit	5,000,000	5,000,000
	<b>12,389,239,684</b>	<b>51,236,429,645</b>

# Bangkok Bank Public Company Limited, Pakse Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 11. BALANCES WITH THE BOL (continued)

Balances with the BOL earn no interest.

Under regulations of the BOL, the Branch is required to maintain certain cash reserves with the BOL in the form of compulsory deposits, which are computed at 5.00% for LAK and 10.00% for foreign currencies, on a bi-monthly basis, of customer deposits having original maturities of less than 12 months. During the year, the Branch maintained its compulsory deposits in compliance with the requirements by the BOL.

According to Decree No. 02/PR of BOL, foreign bank branches are required to maintain a minimum balance of special deposit (registered capital deposit) at BOL which is equivalent to 25% of their paid-up capital to secure for their operational continuance. The Branch was then approved by the BOL to withdraw from this deposit account to supplement its working capital. As at 31 December 2018, the balance of this special deposit is LAK 5,000,000.

## 12. DUE FROM BANKS

### 12.1 Demand deposits

	<i>31 December 2018</i>	<i>31 December 2017</i>
	<i>LAK</i>	<i>LAK</i>
		<i>Restated</i>
Domestic banks	9,480,511,082	27,228,487,933
	<b>9,480,511,082</b>	<b>27,228,487,933</b>

### 12.2 Term deposits

	<i>31 December 2018</i>	<i>31 December 2017</i>
	<i>LAK</i>	<i>LAK</i>
<i>Domestic banks</i>		
Bangkok Bank Public Company Limited, Vientiane Branch	40,000,000,000	25,000,000,000
ACLEDA Bank Lao Ltd., Champasack Branch	5,000,000,000	-
	<b>45,000,000,000</b>	<b>25,000,000,000</b>

# Bangkok Bank Public Company Limited, Pakse Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 12. DUE FROM BANKS (continued)

### 12.2 Term deposits (continued)

Details of term deposits at other banks as at 31 December 2018 are as follows:

<i>Counterparty bank</i>	<i>Currency</i>	<i>Term</i>	<i>Balance in LAK</i>	<i>Interest rate % p.a.</i>
Bangkok Bank Public Company Limited, Vientiane Branch	LAK	3 months	5,000,000,000	3.60%
Bangkok Bank Public Company Limited, Vientiane Branch	LAK	3 months	5,000,000,000	3.60%
Bangkok Bank Public Company Limited, Vientiane Branch	LAK	3 months	5,000,000,000	3.60%
Bangkok Bank Public Company Limited, Vientiane Branch	LAK	3 months	15,000,000,000	3.60%
Bangkok Bank Public Company Limited, Vientiane Branch	LAK	3 months	10,000,000,000	3.60%
ACLEDA Bank Lao Ltd., Champasack Branch	LAK	12 months	5,000,000,000	5.59%
			<b>45,000,000,000</b>	

## 13. HELD TO MATURITY SECURITIES

	<i>31 December 2018</i>	<i>31 December 2017</i>
	<i>LAK</i>	<i>LAK</i>
Bonds issued by the Ministry of Finance	20,000,000,000	10,000,000,000
	<b>20,000,000,000</b>	<b>10,000,000,000</b>

Details of bonds as at 31 December 2018 were as follows:

<i>Term</i>	<i>Issue date</i>	<i>Maturity</i>	<i>Face value LAK</i>	<i>Interest rate % per annum</i>
1 years	19-Oct-18	19-Oct-19	10,000,000,000	5.00%
3 years	11-Nov-16	11-Nov-19	10,000,000,000	6.00%
			<b>20,000,000,000</b>	

# Bangkok Bank Public Company Limited, Pakse Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 14. LOANS AND ADVANCES TO CUSTOMER, NET OF PROVISION PER NON-PERFORMING LOANS

	<i>31 December 2018</i> LAK	<i>31 December 2017</i> LAK
Commercial loans ( <i>Note 14.1</i> )	14,217,881,664	15,100,826,097
Less: provision for non-performing loans ( <i>Note 14.2</i> )	-	-
	<b>14,217,881,664</b>	<b>15,100,826,097</b>

Interest rates for commercial loans during the year are as follows:

	<i>2018</i> <i>Interest rates</i> <i>% per annum</i>	<i>2017</i> <i>Interest rates</i> <i>% per annum</i>
Loans and advances denominated in LAK	7.75	7.50
Loans and advances denominated in THB	7.25	7.00

### 14.1 *Loans and advances to customers*

*Analysis of loan portfolio by currency*

	<i>31 December 2018</i> LAK	<i>31 December 2017</i> LAK
Loans and advance denominated in LAK	1,818,863,481	1,999,840,000
Loans and advance denominated in THB	12,399,018,183	13,100,986,097
	<b>14,217,881,664</b>	<b>15,100,826,097</b>

*Analysis of loan portfolio by performing status*

	<i>31 December 2018</i> LAK	<i>31 December 2017</i> LAK
Performing loans	14,217,881,664	15,100,826,097
Non-performing loans ("NPL")	-	-
	<b>14,217,881,664</b>	<b>15,100,826,097</b>

*Analysis of loan portfolio by original term*

	<i>31 December 2018</i> LAK	<i>31 December 2017</i> LAK
Long-term loans	14,217,881,664	15,100,826,097
	<b>14,217,881,664</b>	<b>15,100,826,097</b>

# Bangkok Bank Public Company Limited, Pakse Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 14. LOANS AND ADVANCES TO CUSTOMER, NET OF PROVISION PER NON-PERFORMING LOANS (continued)

### 14.2 Provision for credit losses

Changes in provision for credit losses of the Branch during the year ended 31 December 2018 are as follows:

	<i>Provision for NPL LAK</i>	<i>Provision for performing loans LAK</i>	<i>Total LAK</i>
Opening balance	-	182,625,600	182,625,600
Reversal of provision	-	(19,218,220)	(19,218,220)
Foreign exchange difference	-	7,207,200	7,207,200
<b>Closing balance</b>	<b>-</b>	<b>170,614,580</b>	<b>170,614,580</b>

Changes in provision for credit losses of the Branch during the year ended 31 December 2017 are as follows:

	<i>Provision for NPL LAK</i>	<i>Provision for performing loans LAK</i>	<i>Total LAK</i>
Opening balance	-	-	-
Net provision charged to expense in the year	-	182,625,600	182,625,600
Foreign exchange difference	-	-	-
<b>Closing balance</b>	<b>-</b>	<b>182,625,600</b>	<b>182,625,600</b>

The breakdown of loan classification and provision as required by the BOL as at 31 December 2018 are as follows:

<i>Classification</i>	<i>Loan balance LAK</i>	<i>Provision for NPL LAK</i>	<i>Provision for performing loans LAK</i>	<i>Total provision LAK</i>
Performing loans				
- Normal or pass	14,217,881,664	-	170,614,580	170,614,580
- Watch or special mention	-	-	-	-
Non-performing loans				
- Sub-standard	-	-	-	-
- Doubtful	-	-	-	-
- Loss	-	-	-	-
<b>Total</b>	<b>14,217,881,664</b>	<b>-</b>	<b>170,614,580</b>	<b>170,614,580</b>



# Bangkok Bank Public Company Limited, Pakse Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 14. LOANS AND ADVANCES TO CUSTOMER, NET OF PROVISION PER NON-PERFORMING LOANS (continued)

### 14.2 Provision for credit losses (continued)

The breakdown of loan classification and provision as required by the BOL as at 31 December 2017 are as follows:

<i>Classification</i>	<i>Loan balance LAK</i>	<i>Provision for NPL LAK</i>	<i>Provision for performing loans LAK</i>	<i>Total provision LAK</i>
Performing loans				
- <i>Normal or pass</i>	15,100,826,097	-	182,625,600	182,625,600
- <i>Watch or special mention</i>	-	-	-	-
Non-performing loans				
- <i>Sub-standard</i>	-	-	-	-
- <i>Doubtful</i>	-	-	-	-
- <i>Loss</i>	-	-	-	-
<b>Total</b>	<b>15,100,826,097</b>	<b>-</b>	<b>182,625,600</b>	<b>182,625,600</b>

## Bangkok Bank Public Company Limited, Pakse Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

### 15. TANGIBLE FIXED ASSETS

	Building improvements LAK	Furniture & fixtures LAK	Computer equipment LAK	Total LAK
<b>Cost:</b>				
At 01 January 2018	2,108,532,178	1,671,337,161	700,067,613	4,479,936,952
Additions	-	-	10,006,500	10,006,500
Disposal	-	-	-	-
At 31 December 2018	<b>2,108,532,178</b>	<b>1,671,337,161</b>	<b>710,074,113</b>	<b>4,489,943,452</b>
<b>Accumulated depreciation:</b>				
At 01 January 2018	207,662,842	655,287,848	266,637,368	1,129,588,058
Charge for the year	110,064,144	333,904,519	140,758,412	584,727,075
Disposal	-	-	-	-
At 31 December 2018	<b>317,726,986</b>	<b>989,192,367</b>	<b>407,395,780</b>	<b>1,714,315,133</b>
<b>Net book value:</b>				
At 01 January 2018	1,900,869,336	1,016,049,313	433,430,245	3,350,348,894
At 31 December 2018	<b>1,790,805,192</b>	<b>682,144,794</b>	<b>302,678,333</b>	<b>2,775,628,319</b>

# Bangkok Bank Public Company Limited, Pakse Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 16. INTANGIBLE FIXED ASSETS

	<i>Software</i> <i>LAK</i>
<b>Cost:</b>	
At 01 January 2018	65,024,000
Additions	-
Disposal	-
As at 31 December 2018	<u>65,024,000</u>
<b>Accumulated depreciation:</b>	
At 01 January 2017	64,401,335
Charge for the year	622,665
Disposal	-
As at 31 December 2018	<u>65,024,000</u>
<b>Net book value:</b>	
As at 01 January 2018	<u>622,665</u>
As at 31 December 2018	<u>-</u>

## 17. ACCRUED INTEREST RECEIVABLE

	<i>31 December 2018</i> <i>LAK</i>	<i>31 December 2017</i> <i>LAK</i>
Accrued interest receivable - due from banks	332,809,722	166,111,111
Accrued interest receivable - loans and advances to customers	77,991,804	80,029,277
Accrued interest receivable - securities investments	189,444,445	85,000,000
	<u>600,245,971</u>	<u>331,140,388</u>

## 18. OTHER ASSETS

	<i>31 December 2018</i> <i>LAK</i>	<i>31 December 2017</i> <i>LAK</i>
Prepaid expenses	4,471,385,723	5,138,384,786
Receivable from Bangkok Bank Public Company Limited, Vientiane Branch	1,253,509,049	-
	<u>5,724,894,772</u>	<u>5,138,384,786</u>

# Bangkok Bank Public Company Limited, Pakse Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 19. DUE TO BANKS

	31 December 2018 LAK	31 December 2017 LAK
Term deposits from domestic banks	9,290,750,000	5,078,000,000
	<b>9,290,750,000</b>	<b>5,078,000,000</b>

Details of term deposits from other banks as at 31 December 2018 are as follows:

<i>Counterparty bank</i>	<i>Currency</i>	<i>Term</i>	<i>Balance in original currency</i>	<i>LAK equivalent</i>	<i>Interest rate % p.a.</i>
Bangkok Bank Public Company Limited, Vientiane Branch	THB	3 months	20,000,000	5,309,000,000	3.25%
Bangkok Bank Public Company Limited, Vientiane Branch	THB	3 months	15,000,000	3,981,750,000	3.125%
				<b>9,290,750,000</b>	

## 20. DUE TO CUSTOMERS

	31 December 2018 LAK	31 December 2017 LAK <i>Restated</i>
<b>Demand deposits</b>	<b>4,519,630,332</b>	<b>5,266,956,526</b>
Demand deposits in LAK	2,273,490,414	235,454,237
Demand deposits in foreign currencies	2,246,139,918	5,031,502,289
<b>Saving deposits</b>	<b>1,786,173,990</b>	<b>2,534,528,845</b>
Saving deposits in LAK	62,555,073	187,102,400
Saving deposits in foreign currencies	1,723,618,917	2,347,426,445
<b>Fixed term deposits</b>	<b>1,239,207,939</b>	<b>507,280,228</b>
Fixed term deposits in LAK	151,231,380	101,166,411
Fixed term deposits in foreign currencies	1,087,976,559	406,113,817
<b>Other payables</b>	<b>-</b>	<b>740,320</b>
	<b>7,545,012,261</b>	<b>8,309,505,919</b>

# Bangkok Bank Public Company Limited, Pakse Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 20. DUE TO CUSTOMERS (continued)

The interest rates of amounts due to customers are as follows:

	<u>2018</u> <i>Interest rate</i>	<u>2017</u> <i>Interest rate</i>
Demand deposits in LAK	No interest	No interest
Demand deposits in foreign currencies	No interest	No interest
Saving deposits in LAK	1.25%	1.25%
Saving deposits in USD	0.35% - 0.50%	0.35% - 0.50%
Saving deposits in THB	0.35% - 0.50%	0.35% - 0.50%
Fixed term deposits in LAK	2.50 - 5.00%	2.50 - 5.00%
Fixed term deposits in USD	0.75% - 2.00%	0.75% - 2.00%
Fixed term deposits in THB	1.00% - 3.00%	1.00% - 3.00%

## 21. ACCRUED INTEREST PAYABLE

	<u>31 December 2018</u> <i>LAK</i>	<u>31 December 2017</u> <i>LAK</i>
Accrued interest payable - balance with other banks	25,517,746	20,346,782
Accrued interest payable - customer deposits	11,192,233	7,149,263
	<u>36,709,979</u>	<u>27,496,045</u>

## 22. PROFIT TAX

### 22.1 Tax payable

	<u>31 December 2018</u> <i>LAK</i>	<u>31 December 2017</u> <i>LAK</i>
Profit Tax payable	-	-
Personal income tax payable	2,147,225	1,811,450
	<u>2,147,225</u>	<u>1,811,450</u>

# Bangkok Bank Public Company Limited, Pakse Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 22. PROFIT TAX (continued)

### 22.2 Profit tax

Provision is made for profit tax on the current period's profits, based on the Tax Law governing profit tax within Lao PDR. The Branch is obliged to pay tax on total profit before tax in accordance with the Tax Law No.70/NA dated 15 December 2015 which is effective on or after 24 May 2016.

Details of profit tax ("PT") provision for the years 2017 and 2018 are as follows:

	31 December 2018	31 December 2017
	LAK	LAK
Profit/(loss) before tax	410,811,781	(1,352,199,088)
Non-deductible expense	(18,702,986)	183,184,121
Carried forward loss	(392,108,795)	-
<b>Taxable income</b>	<b>-</b>	<b>(1,169,014,967)</b>
<b>Current PT expense, at the statutory rate of 24%</b>	<b>-</b>	<b>-</b>
PT payable at the beginning of the year	-	-
PT paid during the year	-	-
<b>PT payable at the end of the year</b>	<b>-</b>	<b>-</b>

The Branch's tax returns are subject to periodic examination by the tax authorities. Because the application of tax laws and regulations in many types of transactions is susceptible to varying interpretations, amounts reported in the separate financial statements could be changed at a later date upon final determination by the tax authorities.

#### Tax losses carried forward

The Branch incurred tax losses for previous years. Under the current Tax Law, the Branch is entitled to carry each individual tax loss forward to offset against taxable profits arising within three years subsequent to the year in which the loss is incurred. Upon expiration of this period, any remaining losses may not be further carried forward to be deducted from profit. The detailed tax losses carried forward as at 31 December 2018 were as follows:

Year	Additional losses incurred for the year LAK	Utilized up to the end of the year LAK	Amount unused but is not eligible for next year's use LAK	Eligible unused tax loss at the end of the year LAK
2016	3,731,059,180	-	-	3,731,059,180
2017	1,169,014,967	-	-	4,900,074,147
2018	-	(392,108,795)	-	4,507,965,352

# Bangkok Bank Public Company Limited, Pakse Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 23. OTHER LIABILITIES

	<i>31 December 2018</i> LAK	<i>31 December 2017</i> LAK
Payable to Bangkok Bank Public Company Limited, Vientiane Branch	-	28,627,418,972
Other payables	168,963,910	185,768,304
	<b>168,963,910</b>	<b>28,813,187,276</b>

## 24. CONTRIBUTED CAPITAL

The movement of contributed capital during the year is presented below:

	<i>2018</i> LAK	<i>2017</i> LAK
Opening balance	101,650,000,000	101,650,000,000
Increase in the year	-	-
<b>Closing balance</b>	<b>101,650,000,000</b>	<b>101,650,000,000</b>

## 25. CASH AND CASH EQUIVALENTS

	<i>31 December 2018</i> LAK	<i>31 December 2017</i> LAK
Cash on hand	4,002,196,277	1,591,973,915
Demand deposit at the BOL	11,890,922,068	50,792,113,664
Demand deposits at other banks	9,480,511,082	27,228,487,933
	<b>25,373,629,427</b>	<b>79,612,575,512</b>

## 26. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other parties to which the Branch is related. A party is related to the Branch if:

- (a) directly, or indirectly through one or more intermediaries, the party:
  - ▶ controls, is controlled by, or is under common control with the Branch (this includes parents, subsidiaries and fellow subsidiaries);
  - ▶ has an interest in the Branch that gives it significant influence over the Branch; or
  - ▶ has joint control over the Branch.
- (b) the party is a joint venture in which the Branch is a venture;
- (c) the party is a member of the key management personnel of the Branch or its parent;
- (d) the party is a close member of the family of any individual referred to in (a) or (c);
- (e) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such Branch resides with, directly or indirectly, any individual referred to in (c) or (d); or
- (f) the party is a post-employment benefit plan for the benefit of employees of the Branch, or of any Branch that is a related party of the Branch.

## Bangkok Bank Public Company Limited, Pakse Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

### 26. RELATED PARTY TRANSACTIONS (continued)

Significant balances with related parties as at 31 December 2017 and 31 December 2018 are as follows:

<i>Related party</i>	<i>Relationship</i>	<i>Transactions</i>	<i>31 December 2018</i> <i>Receivable/ (Payable)</i> <i>LAK</i>	<i>31 December 2017</i> <i>Receivable/ (Payable)</i> <i>LAK</i>
Bangkok Bank Public Company Limited, Vientiane Branch	Fellow Branch	Demand deposit	9,480,511,083	27,228,487,933
Bangkok Bank Public Company Limited, Vientiane Branch	Fellow Branch	Term deposit	40,000,000,000	25,000,000,000
Bangkok Bank Public Company Limited, Vientiane Branch	Fellow Branch	Term deposit	(9,290,750,000)	(5,078,000,000)
Bangkok Bank Public Company Limited, Vientiane Branch	Fellow Branch	Other	1,253,509,049	(28,627,418,972)
			<b>41,443,270,132</b>	<b>18,523,068,961</b>

Significant transactions with related parties during the year were as follows:

	<i>2018</i> <i>LAK</i>	<i>2017</i> <i>LAK</i>
Interest income from Bangkok Bank Public Company Limited, Vientiane Branch	1,270,971,080	675,323,438
Interest expense to Bangkok Bank Public Company Limited, Vientiane Branch	(209,700,955)	(103,542,510)
	<b>1,061,270,125</b>	<b>571,780,928</b>

*Transactions with key management personnel of the Branch*

Remuneration to members of the Management during the year is as follows:

	<i>2018</i> <i>LAK</i>	<i>2017</i> <i>LAK</i>
Salaries	1,506,378,650	1,427,712,478
	<b>1,506,378,650</b>	<b>1,427,712,478</b>



# Bangkok Bank Public Company Limited, Pakse Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2018

## 27. RECLASSIFICATION OF CORRESPONDING FIGURES

Certain corresponding figures on the financial statements for the year ended 31 December 2017 have been reclassified to conform with current year's presentation as follows:

Items	Previously presented	Reclassification	Currency: LAK
			Amount (reclassified)
Administration expenses	Other operating expenses	Other administration expenses - Other operating expenses	15,914,228
Other operating expenses	General provision from credit activities	Other operating expenses	182,625,600
Amount due from other banks - Demand deposits	Due from other branches	Demand deposits	23,131,870,654
Amount due from other banks - Term deposits	Due from other branches	Term deposits	25,000,000,000
Other liabilities - Others	Due to other branches	Others	28,627,418,972

## 28. RESTATEMENT OF CORRESPONDING FIGURES

Certain corresponding figures as at 31 December 2017 and for the year then ended were restated to correct prior years' error in relation to recognition of demand deposit from customers as below:

	Previously presented	Restatement	Currency: LAK
			Restated
<b>Balance sheet as at 31 December 2017</b>			
Amounts due from other banks - Demand deposit	23,131,870,653	4,096,617,280	27,228,487,933
Amounts due to customers - Demand deposit	3,704,868,091	4,096,617,280	7,801,485,371

## 29. EVENTS AFTER THE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the balance sheet date that requires adjustment or disclosure in the financial statements of the Branch.

Prepared by:



Mr. Vixaya Chareunsouk  
Accountant

Approved by:



Mr. Somchoke Worakunpisit  
Branch Manager

Champasak Province, Lao PDR

30 July 2019