

*BANGKOK BANK PUBLIC COMPANY LIMITED  
- PAKSE BRANCH*

*Financial Statements*

*Year ended December 31, 2019*



ບໍລິສັດ ດີລອຍ (ລາວ) ຈຳກັດ  
ອາຄານຕະຫຼາດຫຼັກຊັບລາວ  
ບ້ານໂພນທັນ, ຖະໜົນ T4  
ເມືອງໄຊເສດຖາ  
ດິນສະນີ 2017, ນະຄອນຫຼວງວຽງຈັນ  
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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, 2019, and the related statements of profit or loss and other comprehensive 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 of the Branch for the year ended December 31, 2019 are prepared, in all material respects, in accordance with the regulations of Bank of the Lao PDR and the Branch’s accounting policies as described 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 on Use

We draw your 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 use by the Branch, the Head Office and Bank of the Lao PDR. 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 year ended December 31, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on August 30, 2019.

- 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

DELOITTE (LAO) SOLE COMPANY LIMITED

VIENTIANE

April 29, 2020

**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	Ms. Chadaphorn Uratchat
Auditor	Deloitte (Lao) Sole Company Limited

## Manager's responsibility in respect of the financial statements

The Branch Manager is responsible for ascertaining that the financial statements are properly drawn up so as to give a true and fair view of the financial position of the Branch as at December 31, 2019, and the related statements of profit or loss and other comprehensive income, changes in Head Office account and cash flows for the year then ended. In preparing these financial statements, the Branch Manager is required to:

- i) adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- ii) comply with the regulations of Bank of the Lao PDR and the Branch's accounting policies as described in Note 3 to the financial statements and ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- iii) maintain adequate accounting records and an effective system of internal controls;
- iv) prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Branch will continue operations in the foreseeable future; and
- v) control and direct effectively the Branch in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Branch Manager confirms that the Branch has complied with the above requirements in preparing the financial statements.

*Ch. Uratchat*



Ms. Chadaphorn Uratchat  
Branch Manager

April 29, 2020

**BANGKOK BANK PUBLIC COMPANY LIMITED - PAKSE BRANCH**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2019**

UNIT : LAK

ASSETS	Notes	2019	2018
Cash on hand	11.1	4,301,854,875	4,002,196,277
Interbank and money market items	12	37,866,475,331	16,966,231,791
Due from other branch	23	31,119,916,585	50,991,520,131
Statutory deposits	13	410,512,239	498,317,616
Investments	14	20,000,000,000	20,000,000,000
Loans to customers, net	15		
Loans to customers		15,895,444,521	14,217,881,664
Accrued interest receivables		83,011,502	77,991,804
Total Loans to customers and accrued interest receivables		15,978,456,023	14,295,873,468
Less: Allowance for doubtful accounts		(190,745,333)	(170,614,580)
Total Loans to customers, net		15,787,710,690	14,125,258,888
Leasehold improvements and equipment	16	2,189,795,596	2,775,628,319
Intangible assets	17	1	1
Deferred tax assets	18	45,778,880	40,947,499
Other assets	19	4,009,737,754	4,660,830,168
<b>TOTAL ASSETS</b>		<b>115,731,781,951</b>	<b>114,060,930,690</b>

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, 2019**

UNIT : LAK

	Notes	2019	2018
<b>LIABILITIES AND HEAD OFFICE ACCOUNT</b>			
Deposits	20	9,351,029,522	7,545,012,261
Due to other branch	23	7,472,500,000	9,290,750,000
Other liabilities	21	236,807,788	207,821,115
<b>TOTAL LIABILITIES</b>		<u>17,060,337,310</u>	<u>17,043,583,376</u>
<b>HEAD OFFICE ACCOUNT</b>			
Branch capital	22	101,650,000,000	101,650,000,000
Accumulated deficit			
Unappropriated (deficit)		(2,978,555,359)	(4,632,652,686)
<b>TOTAL HEAD OFFICE ACCOUNT</b>		<u>98,671,444,641</u>	<u>97,017,347,314</u>
<b>TOTAL LIABILITIES AND HEAD OFFICE ACCOUNT</b>		<u>115,731,781,951</u>	<u>114,060,930,690</u>

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

**BANGKOK BANK PUBLIC COMPANY LIMITED - PAKSE BRANCH**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

UNIT : LAK

	Notes	2019	2018
Interest income	5	3,467,790,063	3,117,576,300
Interest expenses	5	(323,921,384)	(246,857,447)
Net interest income	5	3,143,868,679	2,870,718,853
Fees and service income	6	258,350,156	255,359,331
Fees and service expenses	6	(39,692,000)	(40,100,000)
Net fees and service income	6	218,658,156	215,259,331
Gain on foreign exchange transactions		2,138,131,564	1,392,235,415
Other operating income		43,573	76,120
Total operating income		5,500,701,972	4,478,289,719
Other operating expenses			
Employee's expenses	7	(2,038,642,252)	(2,178,494,443)
Depreciation and amortization expenses	8	(585,832,723)	(585,349,739)
Others		(1,224,711,576)	(1,322,851,975)
Total operating expenses		(3,849,186,551)	(4,086,696,157)
Impairment loss of loans (expenses)/ reversal	9	(2,249,475)	19,218,220
Profit before income tax		1,649,265,946	410,811,782
Income tax (expense) income	10	4,831,381	(2,882,645)
Net profit		1,654,097,327	407,929,137
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Actuarial gain on defined benefit plans		-	-
Income tax relating to components of other comprehensive in		-	-
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income</b>		1,654,097,327	407,929,137

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, 2019**

UNIT : LAK

	Branch Capital	Unappropriated (Deficit)	Total Head Office Account
Opening balance as at January 1, 2018	101,650,000,000	(5,040,581,823)	96,609,418,177
Total comprehensive profit	-	407,929,137	407,929,137
<b>Closing balance as at December 31, 2018</b>	<u>101,650,000,000</u>	<u>(4,632,652,686)</u>	<u>97,017,347,314</u>
Opening balance as at January 1, 2019	101,650,000,000	(4,632,652,686)	97,017,347,314
Total comprehensive profit	-	1,654,097,327	1,654,097,327
<b>Closing balance as at December 31, 2019</b>	<u>101,650,000,000</u>	<u>(2,978,555,359)</u>	<u>98,671,444,641</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, 2019**

UNIT : LAK

	Notes	2019	2018
<b>Cash flows from operating activities</b>			
Profit before income tax income		1,649,265,946	410,811,782
Adjustments to reconcile net loss for the year to cash received (paid) from operating activities:			
Depreciation and amortization	8	585,832,723	585,349,739
Provision for doubtful accounts charges/ (reversal)	9	2,249,475	(19,218,220)
Unrealized loss on exchange	15.2	17,881,278	7,207,200
Interest income		(3,467,790,063)	(3,117,576,300)
Interest expenses		323,921,384	246,857,447
Cash generated from operations		<u>(888,639,257)</u>	<u>(1,886,568,352)</u>
Interest received		3,556,780,207	2,848,470,716
Interest paid		<u>(324,660,313)</u>	<u>(237,643,512)</u>
Profit from operating before changes in operating assets and liabilities		2,343,480,637	724,258,852
Changes in operating assets and liabilities:			
Decrease (increase) in operating assets:			
Interbank and money market items		(4,982,741,785)	(5,000,000,000)
Statutory deposits		87,805,377	(54,001,635)
Due from other branch		19,717,603,546	1,494,467,803
Loans to customers		(1,677,562,857)	882,944,433
Other assets		611,647,969	666,999,063
Increase (decrease) in operating liabilities:			
Deposits		1,806,017,261	(763,753,338)
Due to other branch		(1,818,250,000)	(24,414,668,972)
Other liabilities		29,725,602	(17,208,940)
Net cash provided by (used in) operating activities		<u>16,117,725,750</u>	<u>(26,480,962,734)</u>

**BANGKOK BANK PUBLIC COMPANY LIMITED - PAKSE BRANCH**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

UNIT : LAK

	Notes	2019	2018
<b>Cash flows from investing activities</b>			
Purchases of investments		(20,000,000,000)	(10,000,000,000)
Proceeds from redemption of investments		20,000,000,000	-
Purchases of leasehold improvements and equipment	11.2	-	(10,006,500)
Net cash provided by (used in) investing activities		-	(10,010,006,500)
<b>Cash flows from financing activities</b>			
		-	-
<b>Net increase (decrease) in cash and cash equivalents</b>		16,117,725,750	(36,490,969,234)
Cash and cash equivalents at beginning of the year		15,893,118,345	52,384,087,579
Cash and cash equivalents at end of the year		<u>32,010,844,095</u>	<u>15,893,118,345</u>
<b>Cash and cash equivalents</b>			
Cash on hand	11.1	4,301,854,875	4,002,196,277
Deposits within three months from other banks	4.4	27,708,989,220	11,890,922,068
		<u>32,010,844,095</u>	<u>15,893,118,345</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, 2019**

**1. GENERAL INFORMATION**

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 the Lao PDR (“BoL”) on December 10, 2015. The Branch commenced its main business as a commercial bank in the Lao PDR on January 5, 2016.

These financial statements were approved for issue by the Branch’s management on April 29, 2020.

**2. BASIS FOR PREPARATION 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 Branch’s financial statements have been prepared in accordance with the accounting policies as described in Note 3. These accounting policies are primarily based on International Financial Reporting Standards (“IFRSs”). However, this is not a complete set of general purpose financial statements prepared in accordance with IFRS as the Branch has not adopted IFRS 9 “Financial Instruments” and IFRS 16 “Leases” as following the guidance stipulated in Official Letter No. 1659/BoL dated December 14, 2018 and No. 216/BoL dated February 25, 2020, respectively, for the year ended December 31, 2019.

The Branch’s 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 financial statements are prepared solely for the use of the Branch, the Head Office and Bank of the Lao PDR.

The Branch’s financial statements are presented in LAK, which is the Branch’s presentation currency.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Recognition of income**

The Branch recognizes interest on an accrual basis, except for interest from lending 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.

The Branch recognizes fee income on an accrual basis when the service has been provided or upon satisfaction of performance obligations.

### 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 three months or less.

### 3.4 Investments

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.512/BoL dated June 29, 2018 on Article 9. 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 rate (No. 512/BoL)	Provision rate (The Branch)
Normal	1 to 30 days	0.50%	1.20%*
Special mentioned	31 to 90 days	3.00%	3.00%
Substandard	91 to 180 days	20.00%	20.00%
Doubtful	181 to 360 days	50.00%	50.00%
Loss	Over 360 days	100.00%	100.00%

\* The Branch used the Head Office's provision rate of 1.20%, which has been approved by the BoL in accordance with the Official letter No. 37/BoL dated January 30, 2014.

Change in allowance for doubtful accounts are recorded to the statement of profit or loss and other comprehensive 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.

### 3.7 Leasehold improvements and equipment

Leasehold improvements and equipment 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 leasehold improvements and equipment become impaired, the allowance for impairment is recorded to recognize loss on impairment as other operating expense.

Gains or losses on disposal of leasehold improvements and equipment are recognized as other operating income or expenses upon disposal

### 3.8 Intangible assets

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.

Computer software	2 years
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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.

### 3.9 Income tax expenses

Income tax expenses (if any) comprise of current tax and deferred tax.

Current tax is recognized at the amount expected to be paid or recovered from the tax authorities by calculating from taxable profit or loss for the period and using tax rates enacted or substantively enacted by the reporting date.

Deferred tax is recognized on temporary differences arising between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss (tax base). The Branch recognized deferred tax assets and liabilities arising from such temporary differences at the amount of expected benefit to be received from the assets or paid for the liabilities in profit or loss except to the extent that it relates to items recognized in equity, in which case it is recognized directly in equity.

Deferred tax assets and liabilities are offset, if the Branch has a legally enforceable right to offset current tax assets and current tax liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be sufficiently available to allow the temporary differences to be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that the related tax benefit will be realized.

### **3.10 Provisions**

Provisions are recognized when the Branch has a present obligation (legal or constructive) as a result of a past event, it is probable that the Branch will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The Branch recognizes no provisions for future operating losses.

The Branch recognizes the provisions as other operating expenses and as provisions in the statements of financial position.

The Branch reviews the provisions on a regular basis, and recognizes the changes in the provisions as increase or decrease in other operating expenses.

### **3.11 Segment information**

The Branch operates within one business segment, commercial banking, and within one geographical segment, which is the Lao PDR.

### **3.12 Foreign currency translation**

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

Foreign currency transactions are translated into LAK 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 LAK 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.

### **3.13 Use of management's judgments**

The preparation of financial statements in conformity with the regulations of Bank of the Lao PDR and the Branch's accounting policies as described 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. FINANCIAL RISK MANAGEMENT

The Branch's business involves taking on risks in a targeted manner and managing them professionally primarily through the Bank at consolidated level and by the Branch itself to comply with local regulators' requirements.

At the Branch level, the core functions of the Branch's risk management are to identify all key risks for the Branch, measure these risks, manage the risk positions and determine capital allocations. The Branch complies with the Bank's risk management policies.

The Branch's aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Branch's financial performance.

The Branch defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

At the Bank level, the Bank's Risk Management Committee ("RMC") plays a significant role in prescribing the risk management policy, reviewing the sufficiency of the risk management policy and system, defining the strategy for risk management, and monitoring the Bank's risk to an appropriate level, in compliance with the Bank's risk management policy which has been approved by the Board of Directors based on the Risk Management Committee's recommendation. The objectives are to manage the relevant risks within designated boundaries, in particular the maintenance of capital in accordance with the revised capital adequacy requirements under the Basel III guidelines and to achieve an appropriate rate of return.

The key principle of the risk management system is that business units shall be responsible for continuously managing their risk exposures in order to ensure that the risk is within the specified limits and in compliance with the overall risk management policy approved by the Board of Directors, while the Risk Management unit is responsible for monitoring and controlling the risks on a regular basis.

The Branch is exposed to financial risks, which includes credit risk, interest rate risk, foreign exchange rate risk and liquidity risk.

##### 4.1 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Branch's customers, clients or market counterparties fail to fulfil their contractual obligations to the Branch. Credit risk arises mainly from commercial and consumer loans and advances and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, financial guarantees, letters of credit.

The Branch, however, is not in a position to manage most parts of its own credit risk. It acts as a marketing arm of the Bank, to solicit and acquire potential credit customers, to maintain both existing and potential credit customers. The Branch, as a local representative of the Bank, performs most of credit operation functions. All the Branch's credit applications are submitted to the Bank's relevant credit departments to be prepared, analyzed and underwritten. After approval, all of the Branch's credit portfolio is aggregated to the Bank's credit portfolios which are subjected the Bank's credit risk management and control.



Credit risk is the single largest risk for the Bank's and the Branch's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralized in a credit risk management team, which reports to the Board of Directors and head of each business unit regularly.

#### 4.1.1 Credit risk exposure

Credit risk exposures relating to on-statement of financial position as at December 31, are as follows:

	2019 LAK	2018 LAK
Loans to corporate entity	1,820,000,000	-
Loans to individual	14,075,444,521	14,217,881,664
Total	<u>15,895,444,521</u>	<u>14,217,881,664</u>

#### 4.1.2 Concentration of risks of financial assets with credit risk exposure

##### (a) Geographical sectors

The following table breaks down the Branch's credit exposure at their carrying amounts (without taking into account any collateral held or other credit support), as classified by geographical region as of December 31, are as follows:

	2019 LAK	2018 LAK
Residents	15,895,444,521	14,217,881,664
Total	<u>15,895,444,521</u>	<u>14,217,881,664</u>

##### (b) Industry sectors

The following table breaks down the Branch's credit exposure at carrying amounts (without taking into account any collateral held or other credit support), classified by the industry sectors of the Branch's counterparties as at December 31, are as follows:

	2019 LAK	2018 LAK
Trading company	1,820,000,000	-
Construction	14,075,444,521	14,217,881,664
Total	<u>15,895,444,521</u>	<u>14,217,881,664</u>

## 4.2 Interest rate risk

Interest rate risk is the risk that arises from the potential change in interest rates which may have an adverse effect on the net interest income of the Branch in the current reporting period, and/or in future periods. Interest rate risk arises from the structure and characteristics of the Branch's assets and liabilities, and in the mismatch in repricing dates of its assets and liabilities.

The Bank assesses, monitors, and controls interest rate risk to be at an acceptable level and to comply with the policy set by the Asset-Liability Management Committee (ALCO) and the Risk Management Committee. The Branch manages interest rate risk in order to achieve business return targets and control the potential impact on capital to be within a specified limit.

The Branch has significant financial assets and financial liabilities categorized by the earlier of contractual repricing or maturity dates as at December 31, are as follows:

	2019						Total
	Call to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	
	LAK	LAK	LAK	LAK	LAK	LAK	
<b>Financial assets</b>							
Interbank and money market items	22,709,326,224	10,080,357,440	5,076,791,667	-	-	-	37,866,475,331
Due from other branch	31,025,604,668	-	-	-	-	94,311,917	31,119,916,585
Statutory deposits	-	-	-	-	-	410,512,239	410,512,239
Investments	-	-	20,000,000,000	-	-	-	20,000,000,000
Loans to customers and accrued interest receivables	-	-	1,822,919,583	-	14,155,536,440	-	15,978,456,023
<b>Financial liabilities</b>							
Deposits	1,802,951,837	175,550,959	491,915,864	489,116,505	-	6,391,494,357	9,351,029,522
Due to other branch	-	7,472,500,000	-	-	-	-	7,472,500,000
	2018						
	Call to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
	LAK	LAK	LAK	LAK	LAK	LAK	LAK
<b>Financial assets</b>							
Interbank and money market items	11,890,922,068	-	5,075,309,723	-	-	-	16,966,231,791
Due from other branch	34,683,511,082	15,054,500,000	-	-	-	1,253,509,049	50,991,520,131
Statutory deposits	-	-	-	-	-	498,317,616	498,317,616
Investments	-	-	20,000,000,000	-	-	-	20,000,000,000
Loans to customers and accrued interest receivables	-	-	-	-	14,295,873,468	-	14,295,873,468
<b>Financial liabilities</b>							
Deposits	1,867,325,117	696,286,258	461,770,555	-	-	4,519,630,331	7,545,012,261
Due to other branch	-	9,290,750,000	-	-	-	-	9,290,750,000

Interest rate risk is the current and prospective impact to the financial condition due to adverse changes in interest rates to which the Branch statement of financial position is exposed. The Branch's mismatched assets and liabilities positions have undesired outcomes over the short term. The Branch's objective is to manage interest rate risk to achieve stable and sustainable net interest income in the long term.

### 4.3 Foreign exchange risk

Foreign exchange risk is the risk that arises when the Branch deals in foreign currency transactions which lead to overbought or oversold positions in any individual foreign currency positions. The Branch may incur gains or losses as a result of changes in foreign exchange rates.

The Branch manages its foreign currency positions in compliance with regulatory guidelines and the internal risk limits set by ALCO and RMC.

The table below summarizes the Branch's exposure to foreign currency exchange rate risk, included in the table are the Branch's financial instruments at carrying amounts, categorized by currency as at December 31, are as follows:

	2019				
	LAK	USD	THB	Others	Total
	LAK	LAK	LAK	LAK	LAK
<b>Financial assets</b>					
Cash on hand	2,346,252,000	160,891,302	1,794,711,573	-	4,301,854,875
Interbank and money market items	34,992,633,149	1,685,090,579	1,188,751,603	-	37,866,475,331
Due from other branch	28,594,952,952	1,550,190,044	974,773,589	-	31,119,916,585
Statutory deposits	13,330,000	123,237,400	273,944,839	-	410,512,239
Investments	20,000,000,000	-	-	-	20,000,000,000
Loans to customers and accrued interest receivables	3,524,105,058	-	12,454,350,965	-	15,978,456,023
<b>Financial liabilities</b>					
Deposits	5,679,761,401	1,155,889,766	2,515,378,355	-	9,351,029,522
Due to other branch	-	-	7,472,500,000	-	7,472,500,000
	2018				
	LAK	USD	THB	Others	Total
	LAK	LAK	LAK	LAK	LAK
<b>Financial assets</b>					
Cash on hand	2,558,405,500	497,785,376	946,005,401	-	4,002,196,277
Interbank and money market items	14,691,418,083	1,472,780,954	802,032,754	-	16,966,231,791
Due from other branch	46,583,172,872	1,728,220,241	2,680,127,018	-	50,991,520,131
Statutory deposits	9,740,000	164,147,280	324,430,336	-	498,317,616
Investments	20,000,000,000	-	-	-	20,000,000,000
Loans to customers and accrued interest receivables	1,829,435,625	-	12,466,437,843	-	14,295,873,468
<b>Financial liabilities</b>					
Deposits	2,487,276,867	2,368,393,438	2,689,341,956	-	7,545,012,261
Due to other branch	-	-	9,290,750,000	-	9,290,750,000

### 4.4 Liquidity risk

Liquidity risk arises from failure to pay debts and contingent liabilities by the due date because of an inability to convert assets into cash; it also relates to failure to obtain sufficient funds, or finding that this comes at a higher cost, thus adversely affecting income and capital funds.

The Branch manages liquidity risk in accordance with policies and guidelines established by ALCO and the liquidity reserve requirement as well as other relevant regulatory requirements. Treasury Division is in charge of managing the Bank's liquidity, while the Market Risk unit of the Risk Management unit is responsible for identifying, assessing, monitoring, reporting and controlling risks to be within the specified limits and reports to ALCO on a regular basis.

The Branch has diversified funding sources. Its major funding source is customer deposits which are well-diversified in different deposit types and maturities. Moreover, the Branch manages its liquidity through domestic money and through international money in currencies such as the US dollar and the Thai Baht. The Branch aims to balance the cost of liquidity against liquidity risks as deemed appropriate based on market conditions and acceptable risk levels. The Branch also closely manages short-term and long-term liquidity positions. In addition to funding diversification, the Branch maintains high-quality liquid assets which can be liquidated or realized as needed in order to meet its financial obligations under both business-as-usual and crisis situations.

The Branch has financial assets and financial liabilities categorized by maturity profile as at December 31, are as follows:

	2019						Total LAK
	Call to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	
	LAK	LAK	LAK	LAK	LAK	LAK	
<b>Financial assets</b>							
Interbank and money market items	17,628,631,780	10,080,357,440	10,157,486,111	-	-	-	37,866,475,331
Due from other branch	31,119,916,585	-	-	-	-	-	31,119,916,585
Statutory deposits	410,512,239	-	-	-	-	-	410,512,239
Investments	-	-	20,000,000,000	-	-	-	20,000,000,000
Loans to customers and accrued interest receivables	-	-	1,822,919,583	-	14,155,536,440	-	15,978,456,023
<b>Financial liabilities</b>							
Deposits	8,194,446,194	175,550,959	491,915,864	489,116,505	-	-	9,351,029,522
Due to other branch	-	7,472,500,000	-	-	-	-	7,472,500,000
	2018						Total LAK
	Call to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	
	LAK	LAK	LAK	LAK	LAK	LAK	
<b>Financial assets</b>							
Interbank and money market items	11,890,922,068	-	5,075,309,723	-	-	-	16,966,231,791
Due from other branch	35,937,020,131	15,054,500,000	-	-	-	-	50,991,520,131
Statutory deposits	498,317,616	-	-	-	-	-	498,317,616
Investments	-	-	20,000,000,000	-	-	-	20,000,000,000
Loans to customers and accrued interest receivables	-	-	-	-	14,295,873,468	-	14,295,873,468
<b>Financial liabilities</b>							
Deposits	6,305,804,322	-	1,239,207,939	-	-	-	7,545,012,261
Due to other branch	-	9,290,750,000	-	-	-	-	9,290,750,000

#### 4.5 Fair value of financial assets and liabilities

Fair value measurements are analyzed by level in the fair value hierarchy as follows: (i) level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level 3 measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgment in categorizing financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

**Fair values of financial instrument not carried at fair value**

For financial assets and liabilities not carried at fair value on the financial statement as follows, the carrying amount is a reasonable approximation of fair value because, for example, they are short-term in nature or reprice to current market rates frequently:

	Carrying value/ Fair value	
	2019 LAK	2018 LAK
<b>Financial assets</b>		
Cash on hand	4,301,854,875	4,002,196,277
Interbank and money market items	37,866,475,331	16,966,231,791
Due from other Branch	31,119,916,585	50,991,520,131
Statutory deposits	410,512,239	498,317,616
Investments	20,000,000,000	20,000,000,000
Loans to customers and accrued interest receivables, net	15,978,456,023	14,295,873,468
<b>Financial liabilities</b>		
Deposits	9,351,029,522	7,545,012,261
Due to other Branch	7,472,500,000	9,290,750,000

The following methods and assumptions are used in estimating fair value of financial assets and liabilities:

- For financial assets (excluding statutory deposits and loans to customers) and financial liabilities, the carrying amounts in the statement of financial position approximate the fair value of the items as they are short-term.
- For statutory deposits, the carrying amounts in the statement of financial position approximate the fair value of the items as there is no interest earning.
- The fair value for loans to customers is based on the carrying value of the loans to customers, net of the allowance for doubtful accounts as presented in the statement of financial position. The carrying amount is considered to approximate their fair value since financial instruments are predominately subject to market interest rate.
- The fair value for investments, the value quoted by reliable international financial institutions will be used.

The Branch has financial assets and financial liabilities categorized by level of the fair value as at December 31, are as follows:

	2019				2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	LAK	LAK	LAK	LAK	LAK	LAK	LAK	LAK
Items not measured at fair value :								
Financial assets								
Investments	-	-	20,000,000,000	20,000,000,000	-	-	20,000,000,000	20,000,000,000

#### 4.6 Capital management

The Branch's objectives when managing capital, which is a broader concept than the "equity" on the face of the statement of financial position, are:

- To comply with the capital requirements set by the regulators of the banking market of the Branch such as the Bank of the Lao PDR;
- To safeguard the Branch's ability to continue as a going concern so that it can continue to provide returns for Head Office and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

#### 5. NET INTEREST INCOME

Net interest income for the years ended December 31, are as follows:

	2019 LAK	2018 LAK
<b>Interest income</b>		
Interest income from interbanks	1,261,389,992	1,346,280,802
Interest income from investments	1,060,555,556	704,444,444
Interest income from customers	1,145,844,515	1,066,851,054
	<u>3,467,790,063</u>	<u>3,117,576,300</u>
<b>Interest expenses</b>		
Interest expenses for interbank	(275,478,914)	(208,145,363)
Interest expenses for customers	(48,442,470)	(38,712,084)
	<u>(323,921,384)</u>	<u>(246,857,447)</u>
Net interest income	<u>3,143,868,679</u>	<u>2,870,718,853</u>

#### 6. NET FEES AND SERVICE INCOME

Net fees and service income for the years ended December 31, are as follows:

	2019 LAK	2018 LAK
Fees and service income	258,350,156	255,359,331
Fees and service expenses	(39,692,000)	(40,100,000)
Net fees and service income	<u>218,658,156</u>	<u>215,259,331</u>

**7. EMPLOYEE'S EXPENSES**

Employee's expenses for the years ended December 31, are as follows:

	<b>2019</b> <b>LAK</b>	<b>2018</b> <b>LAK</b>
Wages and salaries	1,700,936,815	1,857,027,989
Bonuses	75,700,000	73,220,000
Other benefits	262,005,437	248,246,454
	<u>2,038,642,252</u>	<u>2,178,494,443</u>

**8. DEPRECIATION AND AMORTIZATION EXPENSES**

Depreciation and amortization expenses for the years ended December 31, are as follows:

	<b>2019</b> <b>LAK</b>	<b>2018</b> <b>LAK</b>
Depreciation of leasehold improvements and equipment (See Note 16)	585,832,723	584,727,075
Amortization of computer software (see Note 17)	-	622,664
	<u>585,832,723</u>	<u>585,349,739</u>

**9. IMPAIRMENT LOSS OF LOANS EXPENSES/(REVERSAL)**

Impairment loss of loans expenses/ (reversal) for the years ended December 31, are as follows:

	<b>2019</b> <b>LAK</b>	<b>2018</b> <b>LAK</b>
Loans to customers	2,249,475	(19,218,220)
	<u>2,249,475</u>	<u>(19,218,220)</u>

**10. INCOME TAX EXPENSES (INCOME)**

Income tax expenses (income) for the years ended December 31, are as follows:

	<b>2019</b> <b>LAK</b>	<b>2018</b> <b>LAK</b>
Current tax expenses for the years	-	-
Net deferred tax revenue for the years (see Note 18)	(4,831,381)	2,882,645
	<u>(4,831,381)</u>	<u>2,882,645</u>

**Reconciliation of effective tax rate**

	<b>2019</b> <b>LAK</b>	<b>2018</b> <b>LAK</b>
Profit before tax	1,649,265,946	410,811,782
Income tax at the domestic tax rate (24%)	395,823,827	98,594,828
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	(4,831,381)	2,882,645
Unused tax loss for the years	(395,823,827)	(98,594,828)
Income tax revenue as per statement of profit or loss and other comprehensive income	<u>(4,831,381)</u>	<u>2,882,645</u>
Effective tax rate	(0.29%)	0.70%

**11. CASH ON HAND**

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

	<b>2019</b> <b>LAK</b>	<b>2018</b> <b>LAK</b>
Cash on hand in LAK	2,346,252,000	2,558,405,500
Cash on hand in USD	160,891,302	497,785,376
Cash on hand in THB	1,794,711,573	946,005,401
	<u>4,301,854,875</u>	<u>4,002,196,277</u>

11.2 Non-cash items

Non-cash items for the years ended December 31, are as follows:

	<b>2019</b> <b>LAK</b>	<b>2018</b> <b>LAK</b>
Fixed asset payables at beginning of the year	-	-
<u>Add</u> Purchases of tangible assets	-	10,006,500
Purchases of intangible assets	-	-
Unrealized gain on exchange rate	-	-
<u>Less</u> Cash payments for tangible assets	-	(10,006,500)
Cash payments for intangible assets	-	-
Fixed asset payables at ending of the year	<u>-</u>	<u>-</u>



**12. INTERBANK AND MONEY MARKET ITEMS (ASSETS)**

Interbank and money market items (assets) as at December 31, consist of the following:

	<b>2019</b> <b>LAK</b>	<b>2018</b> <b>LAK</b>
Demand deposits at Bank of the Lao PDR	17,628,631,780	11,890,922,068
Time deposits at other banks	20,063,099,225	5,000,000,000
Accrued interest receivables	174,744,326	75,309,723
	<u>37,866,475,331</u>	<u>16,966,231,791</u>

**13. STATUTORY DEPOSITS**

Statutory deposits as at December 31, consist of the following:

	<b>2019</b> <b>LAK</b>	<b>2018</b> <b>LAK</b>
Customer deposits reserve	405,512,239	493,317,616
Branch capital	5,000,000	5,000,000
	<u>410,512,239</u>	<u>498,317,616</u>

Statutory deposits on customers deposits reserve with 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 LAK and 10% on deposits of foreign currencies. These deposits do not earn interest.

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

**14. INVESTMENTS**

Investments as at December 31, consist of the following:

	<b>2019</b> <b>LAK</b>	<b>2018</b> <b>LAK</b>
Held-to-maturity debt security		
Bonds issued by the Ministry of Finance (MOF)	20,000,000,000	20,000,000,000
	<u>20,000,000,000</u>	<u>20,000,000,000</u>

Details of bond as at December 31, 2019 are as follows:

<b>Term</b>	<b>Issued date</b>	<b>Maturity date</b>	<b>Interest rate</b> <b>% p.a.</b>	<b>2019</b> <b>LAK</b>
1 year	November 1, 2019	November 1, 2020	5.00	10,000,000,000
1 year	November 15, 2019	November 15, 2020	5.00	10,000,000,000
				<u>20,000,000,000</u>

Details of bonds as at December 31, 2018 are as follows:

Term	Issued date	Maturity date	Interest rate % p.a.	2018 LAK
1 year	October 19, 2018	October 19, 2019	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>

15. LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET

Loans to customers and accrued interest receivables, net as at December 31, consist of the following:

	2019 LAK	2018 LAK
Loans to customers	15,895,444,521	14,217,881,664
Accrued interest receivables	83,011,502	77,991,804
	<u>15,978,456,023</u>	<u>14,295,873,468</u>
<u>Less</u> Allowance for doubtful accounts	(190,745,333)	(170,614,580)
Loans to customers and accrued interest receivables, net	<u>15,787,710,690</u>	<u>14,125,258,888</u>

15.1 Loan to customers are classified as follows:

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

	2019 LAK	2018 LAK
Loans	15,895,444,521	14,217,881,664
	<u>15,895,444,521</u>	<u>14,217,881,664</u>

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

	2019 LAK	2018 LAK
LAK	3,451,186,523	1,818,863,481
THB	12,444,257,998	12,399,018,183
	<u>15,895,444,521</u>	<u>14,217,881,664</u>

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

	2019 LAK	2018 LAK
Performing loans	15,895,444,521	14,217,881,664
	<u>15,895,444,521</u>	<u>14,217,881,664</u>

15.2 Allowance for doubtful accounts

Allowance for doubtful accounts as at December 31, consist of the following:

	2019 LAK	2018 LAK
Beginning balance	170,614,580	182,625,600
Doubtful accounts during the years (reversal)	2,249,475	(19,218,220)
Foreign exchange translation difference	17,881,278	7,207,200
Ending balance	<u>190,745,333</u>	<u>170,614,580</u>

The breakdown of loan classification and allowance for doubtful accounts as at December 31, are as follows:

	2019		2018	
	Loan balance LAK	Allowance for doubtful accounts LAK	Loan balance LAK	Allowance for doubtful accounts LAK
<b>Performing loans</b>				
Normal	15,895,444,521	190,745,333	14,217,881,664	170,614,580
Special mentioned	-	-	-	-
Total	<u>15,895,444,521</u>	<u>190,745,333</u>	<u>14,217,881,664</u>	<u>170,614,580</u>
<b>Non-performing loans</b>				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>15,895,444,521</u>	<u>190,745,333</u>	<u>14,217,881,664</u>	<u>170,614,580</u>

As at December 31, 2019 and 2018, the Branch has allowance for doubtful accounts in the statement of financial position as allowance for doubtful accounts of LAK 190,745,333 and LAK 170,614,580, respectively.

16. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Leasehold improvements and equipment as at December 31, consist of the following:

As at December 31, 2019

	Balance as at January 1, 2019 LAK	Increase LAK	Decrease LAK	Balance as at December 31, 2019 LAK
<b>Cost:</b>				
Leasehold improvements	2,108,532,178	-	-	2,108,532,178
Furniture and fixtures	1,736,306,266	-	-	1,736,306,266
Computer equipment	645,105,008	-	-	645,105,008
Total cost	<u>4,489,943,452</u>	<u>-</u>	<u>-</u>	<u>4,489,943,452</u>
<b>Accumulated depreciation:</b>				
Leasehold improvements	(317,726,987)	(110,064,146)	-	(427,791,133)
Furniture and fixtures	(1,015,463,444)	(346,887,899)	-	(1,362,351,343)
Computer equipment	(381,124,702)	(128,880,678)	-	(510,005,380)
Total accumulated depreciation	<u>(1,714,315,133)</u>	<u>(585,832,723)</u>	<u>-</u>	<u>(2,300,147,856)</u>
<b>Leasehold improvements and equipment</b>	<u>2,775,628,319</u>			<u>2,189,795,596</u>

As at December 31, 2018

	Balance as at January 1, 2018 LAK	Increase LAK	Decrease LAK	Balance as at December 31, 2018 LAK
<b>Cost:</b>				
Leasehold improvements	2,108,532,178	-	-	2,108,532,178
Furniture and fixtures	1,734,649,766	1,656,500	-	1,736,306,266
Computer equipment	636,755,008	8,350,000	-	645,105,008
Total cost	<u>4,479,936,952</u>	<u>10,006,500</u>	<u>-</u>	<u>4,489,943,452</u>
<b>Accumulated depreciation:</b>				
Leasehold improvements	(207,662,842)	(110,064,145)	-	(317,726,987)
Furniture and fixtures	(668,583,710)	(346,879,734)	-	(1,015,463,444)
Computer equipment	(253,341,506)	(127,783,196)	-	(381,124,702)
Total accumulated depreciation	<u>(1,129,588,058)</u>	<u>(584,727,075)</u>	<u>-</u>	<u>(1,714,315,133)</u>
<b>Leasehold improvements and equipment</b>	<u>3,350,348,894</u>			<u>2,775,628,319</u>
<b>Depreciation</b>				
2019			LAK	<u>585,832,723</u>
2018			LAK	<u>584,727,075</u>

17. INTANGIBLE ASSETS

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

As at December 31, 2019

	Balance as at January 1, 2019 LAK	Increase LAK	Decrease LAK	Balance as at December 31, 2019 LAK
<b>Cost:</b>				
Computer software	65,024,000	-	-	65,024,000
Total cost	<u>65,024,000</u>	<u>-</u>	<u>-</u>	<u>65,024,000</u>
<b>Accumulated amortization:</b>				
Computer software	(65,023,999)	-	-	(65,023,999)
Total accumulated amortization	<u>(65,023,999)</u>	<u>-</u>	<u>-</u>	<u>(65,023,999)</u>
<b>Intangible assets</b>	<u>1</u>			<u>1</u>

As at December 31, 2018

	Balance as at January 1, 2018 LAK	Increase LAK	Decrease LAK	Balance as at December 31, 2018 LAK
<b>Cost:</b>				
Computer software	65,024,000	-	-	65,024,000
Total cost	<u>65,024,000</u>	<u>-</u>	<u>-</u>	<u>65,024,000</u>
<b>Accumulated amortization:</b>				
Computer software	(64,401,335)	(622,664)	-	(65,023,999)
Total accumulated amortization	<u>(64,401,335)</u>	<u>(622,664)</u>	<u>-</u>	<u>(65,023,999)</u>
<b>Intangible assets</b>	<u>622,665</u>			<u>1</u>

**Amortization**

2019  
2018

LAK  
LAK

-  
622,664

**18. DEFERRED TAX ASSETS**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred income taxes are calculated on all temporary differences using an effective tax rate of 24%

Deferred tax assets as at December 31, are as follows:

	<b>2019</b>	<b>2018</b>
	<b>LAK</b>	<b>LAK</b>
Deferred tax assets	<u>45,778,880</u>	<u>40,947,499</u>

Movements in deferred tax assets during the years ended December 31, are as follows:

	<b>2019</b>	<b>2018</b>
	<b>LAK</b>	<b>LAK</b>
Beginning balances	40,947,499	43,830,144
Changed to profit and loss	4,831,381	(2,882,645)
Tax changed directly to other comprehensive income	-	-
Ending balances	<u>45,778,880</u>	<u>40,947,499</u>

Movements in deferred tax assets during the years ended December 31, are as follows:

	<b>2019</b>			<b>Balance as at December 31, 2019</b>
	<b>Balance as at January 1, 2019</b>	<b>Items as recognized in profit and loss</b>	<b>Item as recognized in other comprehensive income</b>	
	<b>LAK</b>	<b>LAK</b>	<b>LAK</b>	<b>LAK</b>
<b>Deferred tax assets</b>				
Loans to customers	40,947,499	4,831,381	-	45,778,880
Total	<u>40,947,499</u>	<u>4,831,381</u>	<u>-</u>	<u>45,778,880</u>
	<b>2018</b>			<b>Balance as at December 31, 2018</b>
	<b>Balance as at January 1, 2018</b>	<b>Items as recognized in profit and loss</b>	<b>Item as recognized in other comprehensive income</b>	
	<b>LAK</b>	<b>LAK</b>	<b>LAK</b>	<b>LAK</b>
<b>Deferred tax assets</b>				
Loans to customers	43,830,144	(2,882,645)	-	40,947,499
Total	<u>43,830,144</u>	<u>(2,882,645)</u>	<u>-</u>	<u>40,947,499</u>

**19. OTHER ASSETS**

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

	<b>2019</b> <b>LAK</b>	<b>2018</b> <b>LAK</b>
Prepaid expenses	3,803,997,933	4,471,385,723
Accrued interest receivables - investments	150,000,000	189,444,445
Others	55,739,821	-
	<u>4,009,737,754</u>	<u>4,660,830,168</u>

**20. DEPOSITS**

Deposits as at December 31, consist of the following:

	<b>2019</b> <b>LAK</b>	<b>2018</b> <b>LAK</b>
Demand deposits		
Current deposits	6,391,494,357	4,519,630,332
Saving deposits	1,673,807,770	1,786,173,990
Total	<u>8,065,302,127</u>	<u>6,305,804,322</u>
Time deposits		
Fixed deposits	1,285,727,395	1,239,207,939
Total	<u>1,285,727,395</u>	<u>1,239,207,939</u>
	<u>9,351,029,522</u>	<u>7,545,012,261</u>

Deposits classified by currency as at December 31, are as follows:

	<b>2019</b> <b>LAK</b>	<b>2018</b> <b>LAK</b>
LAK	5,679,761,401	2,487,276,867
USD	1,155,889,766	2,368,393,438
THB	2,515,378,355	2,689,341,956
	<u>9,351,029,522</u>	<u>7,545,012,261</u>

**21. OTHER LIABILITIES**

Other liabilities as at December 31, consist of the following:

	<b>2019</b> <b>LAK</b>	<b>2018</b> <b>LAK</b>
Accrued interest payables		
Deposits	15,508,686	11,192,234
Due to other branch	20,462,365	25,517,746
Cashier cheque	9,016,000	2,400,000
Accrued expenses	191,820,737	163,430,160
Other payable	-	5,280,975
	<u>236,807,788</u>	<u>207,821,115</u>

## 22. BRANCH CAPITAL

The Branch has an initial registered branch capital amount of USD 12.5 million. In accordance with the Agreement on Increasing Minimum Registered Capital and Investment Capital of Commercial Bank No.141/PM dated September 24, 2009 by the BoL, the branch of foreign bank in the Lao PDR should maintain the minimum registered capital of LAK 100 billion.

According to Amended Law on Commercial Bank No. 56/NA dated on December 7, 2018 which was published in Lao Official Gazette on June 7, 2019 and in effective on June 21, 2019, the branch of foreign commercial bank in the Lao PDR should maintain the minimum registered capital of LAK 300 billion. The BoL allows the Branch to increase capital either on a one-time basis or in phases over the five-year period. The Branch obtained an approval from the BoL to inject the first capital injection by the second quarter of 2021, and the Head Office is in process to submit Capital Increment Plan to the BoL within May 2020 (see Note 25.1).

As at December 31, 2019 and 2018, the Branch has registered branch capital of LAK 101.65 billion.

## 23. RELATED PARTY BALANCES AND TRANSACTIONS

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

	<b>2019</b> <b>LAK</b>	<b>2018</b> <b>LAK</b>
Due from other branch		
Deposits	31,016,416,585	50,734,020,131
Accrued interest receivables	103,500,000	257,500,000
	<u>31,119,916,585</u>	<u>50,991,520,131</u>
Due to other branch		
Deposits	<u>7,472,500,000</u>	<u>9,290,750,000</u>

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

	<b>2019</b> <b>LAK</b>	<b>2018</b> <b>LAK</b>
a) By type:		
Demand deposits	16,016,416,585	10,734,020,131
Time deposits	15,000,000,000	40,000,000,000
	<u>31,016,416,585</u>	<u>50,734,020,131</u>
b) By currencies:		
LAK	28,491,452,952	46,325,672,872
USD	1,550,190,044	1,728,220,241
THB	974,773,589	2,680,127,018
	<u>31,016,416,585</u>	<u>50,734,020,131</u>

Interest rates on deposits due from other branch for the years ended December 31, 2019 and 2018 are 3.60% per annum and 3.25% to 3.60% per annum, respectively.

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

	<b>2019</b>	<b>2018</b>
	<b>LAK</b>	<b>LAK</b>
a) By type:		
Time deposits	7,472,500,000	9,290,750,000
	<u>7,472,500,000</u>	<u>9,290,750,000</u>
b) By currencies:		
THB	7,472,500,000	9,290,750,000
	<u>7,472,500,000</u>	<u>9,290,750,000</u>

Interest rates on deposits due to other branch for the years ended December 31, 2019 and 2018 are 3.125% - 3.25% per annum and 3.125% - 3.25% per annum, respectively.

Significant transactions with related parties for the years ended December 31, 2019 and 2018 are conducted on normal commercial terms as follows:

	<b>2019</b>	<b>2018</b>
	<b>LAK</b>	<b>LAK</b>
Interest income		
Other branch	743,041,095	1,270,971,080
Interest expenses		
Other branch	275,478,914	208,145,363

#### 24. RECLASSIFICATIONS

Reclassifications have been made in the financial statements for the year ended December 31, 2018 to conform to the classifications used in the financial statements for the year ended December 31, 2019 as follows:

Account	Previous presentation	Current presentation	Amount LAK
<b>Statement of financial position</b>			
Deposits from other branch	Other assets	Due from other branch	1,253,509,048
Intangible assets	Other assets	Intangible assets	1
Accrued interest receivables - Investments	Investments	Other assets	189,444,445
Accrued interest payables - Deposits	Due to customers	Other liabilities	11,192,233
Accrued interest payables - Other branch	Due to head office and other branches	Other liabilities	25,517,746
Personal income tax payable	Current tax liabilities	Other liabilities	2,147,225
<b>Statement of profit or loss and other comprehensive income</b>			
Amortization expenses	Depreciation and amortization	Other operating expense - Others	1



**25. EVENTS AFTER THE REPORTING PERIOD**

25.1 According to Amended Law on Commercial Bank No. 56/NA dated on December 7, 2018 which was published in Lao Official Gazette on June 7, 2019 and in effective on June 21, 2019, the branch of foreign commercial bank in the Lao PDR should maintain the minimum registered capital of LAK 300 billion. The BoL allows the Branch to increase capital either on a one-time basis or in phases over the five-year period.

The branch capital for the Branch will be increased over the five-year period. In addition, the Branch obtained an approval from the BoL to inject the first capital injection by the second quarter of 2021, and the Head Office is in process to submit Capital Increment Plan to the BoL within May 2020.

25.2 According to Income Tax Law No. 67/NA dated on June 18, 2019 which was published in Lao Official Gazette on February 3, 2020 and in effective on February 17, 2020, the corporate tax rate will be decreased from 24% to 20% of taxable income starting from January 1, 2020. There will be decreasing of deferred tax assets in the financial statements when the law is effective in the amount of LAK 7,629,813.