

BANGKOK BANK PUBLIC COMPANY LIMITED
VIENTIANE BRANCH



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FINANCIAL STATEMENTS

2014-2015

**Bangkok Bank Public Company Limited
Vientiane Branch**

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**Bangkok Bank Public Company Limited
Vientiane Branch**

Branch information

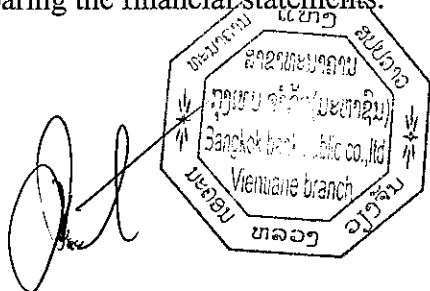
Branch	Bangkok Bank Public Company Limited Vientiane Branch
Registration no.	320/BoL, dated 25 February 1993
Registered office	Unit 12, Samsenthai Road Xieng Nguen Village, Chanthabouly District P.O. Box 5400 Vientiane Capital, Lao PDR
Branch Manager	Mr. Phisit Charoenphan
Auditor	PricewaterhouseCoopers (Lao) Co., Ltd.

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 31 December 2013 and of the results of operations and changes in Head Office account 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 accounting principles generally followed in the Lao PDR and the guidelines issued by the Bank of Lao PDR or, if there have been any departures in the interest of true and fair presentation, 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.



The image shows a handwritten signature in black ink over a circular official stamp. The stamp is octagonal with a double border. The text inside the stamp includes: 'ສາທາລະນະລາຍ' (Sathalane) at the top, 'ສາທາລະນະລາຍ' (Sathalane) at the bottom, 'ບັນດາ' (Bandana) on the left, and 'ລາວ' (Lao) on the right. In the center, it reads 'ທຸກໆ (ພະຍາກຳ)' (Thukthuk (Phayakap)) and 'Bangkok bank public co., ltd' and 'Vientiane branch'.

Mr. Phisit Charoenphan
Branch Manager

31 March 2014



Auditor's Independence Declaration

To the Branch manager of Bangkok Bank Public Company Limited

Report on the Financial Statements

I have audited the accompanying financial statements for Bangkok Bank Public Company Limited - Vientiane Branch ("the Branch") which comprise the statement of financial position as at 31 December 2013, and the related statement of income, changes in Head Office account and cash flow for the year then ended, and a summary of significant accounting policies and other notes.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with regulations of the Bank of Lao PDR and accounting policies set out in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



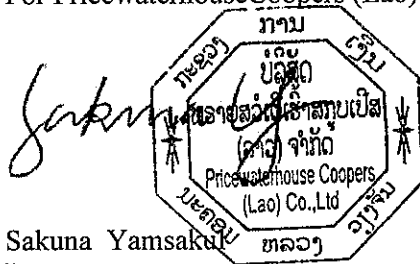
Opinion

In my opinion, the financial statements referred to above are prepared in all material respects, the financial position of Bangkok Bank Public Company Limited - Vientiane Branch as at 31 December 2013, and of its operations and its cash flow for the year then ended in accordance with regulations of the Bank of Lao PDR and accounting policies set out in Note 2 to the financial statements.

Basis of Accounting and Restriction of use

Without qualifying my opinion, I draw attention to Note 2 to the financial statements, which describe the basis of accounting. The financial statements are prepared to provide information for internal uses by the Branch. As a result, the financial statements may not be suitable for another purpose.

For PricewaterhouseCoopers (Lao) Co., Ltd.



Sakuna Yamsakul
Partner
Vientiane, Lao PDR
31 March 2014

Bangkok Bank Public Company Limited - Vientiane Branch
Statement of Financial Position
As at 31 December 2013

	Notes	2013 LAK	2012 LAK
Assets			
Cash	3	12,276,425,377	9,631,238,291
Deposits and placements with other banks	4	289,762,320,323	55,353,943,113
Due from Head Office and other branches	5, 21	113,530,216,816	12,158,631,090
Statutory deposits	6	69,609,682,493	84,159,632,939
Investment in securities	7	-	103,548,392,845
Loans and advances	8	75,988,409,107	32,897,393,799
Allowance for doubtful loans and advances	9	(569,882,414)	(246,730,440)
Other assets	10	18,503,347,905	2,518,806,821
Property and equipment, net	11	8,757,882,334	621,284,829
Total Assets		587,858,401,941	300,642,593,287
Liabilities and Head Office accounts			
Liabilities			
Deposits from customers	12	434,203,367,345	187,069,951,849
Due to Head Office and other branches	13	2,458,600,000	-
Deposits from other banks	14	23,072,069,278	5,665,215,191
Accrued income tax	15	915,330,826	801,602,564
Other liabilities	16	19,779,307,863	3,663,786,497
Total Liabilities		480,428,675,312	197,200,556,101
Head Office account			
Branch capital	17	100,000,000,000	100,000,000,000
Legal reserve	18	794,403,173	395,634,229
Retained earnings		6,635,323,456	3,046,402,957
Total Head Office account		107,429,726,629	103,442,037,186
Total Liabilities and Head Office account		587,858,401,941	300,642,593,287
Commitments and contingencies	23	657,921,720,293	21,472,320,625

The accompanying notes from pages 10 to 25 are an integral part of these financial statements.

Bangkok Bank Public Company Limited - Vientiane Branch**Statement of Income****For the year ended 31 December 2013**

	Notes	2013 LAK	2012 LAK
Interest income	19	8,157,030,068	4,502,208,514
Interest expenses	20	(2,693,262,113)	(1,991,171,004)
Net interest income		5,463,767,955	2,511,037,510
Other income	21	9,498,351,437	5,283,527,628
General and administrative expenses	22	(9,076,305,648)	(6,015,254,852)
Operating income		5,885,813,744	1,779,310,286
Bad debts and doubtful accounts	9	(325,950,199)	(66,810,523)
Profit before income tax		5,559,863,545	1,712,499,763
Income tax	15	(1,572,174,102)	(802,341,335)
Net profit for the years		3,987,689,443	910,158,428

The accompanying notes from pages 10 to 25 are an integral part of these financial statements.

Bangkok Bank Public Company Limited - Vientiane Branch
Statement of Changes in Head Office Account
For the year ended 31 December 2013

	Note	Branch capital LAK	Legal reserve LAK	Retained earnings LAK	Total LAK
Opening balance as at					
1 January 2012		65,411,830,000	305,947,470	2,227,260,372	67,945,037,842
Capital increment	17	34,588,170,000	-	-	34,588,170,000
Net profit for the year		-	-	910,158,428	910,158,428
Appropriation		-	91,015,843	(91,015,843)	-
Foreign exchange translation adjustment		-	(1,329,084)	-	(1,329,084)
Closing balance as at					
31 December 2012		<u>100,000,000,000</u>	<u>395,634,229</u>	<u>3,046,402,957</u>	<u>103,442,037,186</u>
Opening balance as at					
1 January 2013		100,000,000,000	395,634,229	3,046,402,957	103,442,037,186
Net profit for the year		-	-	3,987,689,443	3,987,689,443
Appropriation		-	398,768,944	(398,768,944)	-
Closing balance as at					
31 December 2013		<u>100,000,000,000</u>	<u>794,403,173</u>	<u>6,635,323,456</u>	<u>107,429,726,629</u>

The accompanying notes from pages 10 to 25 are an integral part of these financial statements.

Bangkok Bank Public Company Limited - Vientiane Branch

Statement of Cash Flows

For the year ended 31 December 2013

	Notes	2013 LAK	2012 LAK
Cash flows from operating activities			
Profit before income tax		5,559,863,545	1,712,499,763
Adjustments to reconcile net income for the year to cash received (paid) from operating activities:			
Depreciation and amortisation	11	170,767,500	217,955,496
Bad debt and doubtful accounts	9	325,950,199	66,810,523
Unrealised (gain) loss on exchange		(201,167,239)	137,520,429
Interest income	19	(8,157,030,068)	(4,502,208,514)
Interest expense	20	2,693,262,113	1,991,171,004
Cash generate from operations		391,646,050	(376,251,299)
Interest received		8,553,819,365	2,644,867,940
Interest paid		(2,489,343,299)	(810,412,287)
Income tax paid	15	(1,458,445,839)	(390,738,771)
Net cash provided by (used in) operating activities before changes in operating assets and liabilities		4,997,676,277	1,067,465,583
Changes in operating assets and liabilities :			
Decrease (increase) in operating assets:			
Due from Head Office and other branches		(101,310,533,097)	27,738,301,663
Statutory deposits		14,972,544,635	(39,053,524,246)
Loans and advances		(42,925,826,285)	(8,936,388,679)
Other assets		(16,368,682,593)	27,202,902
Increase (decrease) in operating liabilities:			
Deposits from customers		246,194,073,533	29,776,507,096
Deposits by other banks		19,837,007,111	1,800,395,724
Other liabilities		15,484,240,634	1,466,828,886
Net cash provided by operating activities		140,880,500,215	13,886,788,929

The accompanying notes from pages 10 to 25 are an integral part of these financial statements.

Bangkok Bank Public Company Limited - Vientiane Branch

Statement of Cash Flows (Cont'd)

For the year ended 31 December 2013

	Notes	2013 LAK	2012 LAK
Cash flows from investing activities			
Purchases of investment in securities		(100,000,000)	(171,795,392,815)
Sales of investments in securities		104,168,344,604	114,145,000,000
Purchases of property and equipments		(7,895,280,523)	(571,158,455)
Net cash provided by (used in) investing activities		<u>96,173,064,081</u>	<u>(58,221,551,270)</u>
Cash flows from financing activities			
Increase in capital	17	-	34,588,170,000
Net cash provided by financing activities		<u>-</u>	<u>34,588,170,000</u>
Net increase (decrease) in cash and cash equivalents		237,053,564,296	(9,746,592,341)
Cash and cash equivalents at beginning of the year		<u>64,985,181,404</u>	<u>74,731,773,745</u>
Cash and cash equivalents at end of the year		<u><u>302,038,745,700</u></u>	<u><u>64,985,181,404</u></u>
Cash and cash equivalents			
Cash	3	12,276,425,377	9,631,238,291
Deposits and placements with other banks	4	<u>289,762,320,323</u>	<u>55,353,943,113</u>
		<u><u>302,038,745,700</u></u>	<u><u>64,985,181,404</u></u>
Non-cash transaction			
Retention on construction		408,964,798	-

The accompanying notes from pages 10 to 25 are an integral part of these financial statements.

1 General Information

Bangkok Bank Public Company Limited (“the Bank”) is incorporated in Thailand. The Vientiane 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 granted by the Bank of Lao PDR (“BoL”) on 25 February 1993. The principal activity of the Branch is the provision of comprehensive banking and related financial services in Lao PDR.

These financial statements were approved for issued by the Branch’s management on 31 March 2014.

2 Summary of significant accounting policies

The significant accounting policies adopted for the preparation of the financial statements are set out below.

2.1 Basis of presentation

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

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

The financial statements have been prepared under the historical cost convention.

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

2.2 Financial instruments

The Branch’s significant financial assets and liabilities include cash, amount due from Head Office and other branches, Deposits and placements with other banks, originated loans and advances, deposits, and a portion of other receivables and payables. The accounting policies for the recognition and measurement of these items are disclosed in the respective accounting policies.

2.3 Segment information

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

2 Summary of significant accounting policies (Cont'd)

2.4 Foreign currency translation

The national currency of the Lao PDR is the Lao Kip ("LAK"). However as the branch transacts and maintains its accounting records primarily in United States Dollars ("USD"), management has determined the USD to be the Branch's measurement and functional currency as it reflects the economic substance of the underlying events and circumstances of the Branch.

Transactions in currencies other than the functional currency are recorded in the original currency when the transaction occurs. These are translated into USD at the end of each period using the reference rates of exchange of the Branch. At the statement of financial position date, assets and liabilities recorded in original currency are translated into USD using the reference rates of exchange of the Branch as at that date.

Translation of financial currency into presentation currency using closing rate of exchange of the Branch. All exchange gains or losses, realised and unrealised, are recognised in the statement of income.

2.5 Loans and advances

Loans and advances are originated by the Branch providing money to a customer for purposes other than short-term profit taking. They are stated at the outstanding principal balances less an allowance for doubtful loans and advances, to reflect the estimated recoverable amount.

Loans and advances, except bank overdrafts, are shown exclusive of accrued interest receivable.

2.6 Allowance for doubtful loans and advances

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

Classification	Number of days past due	Provision
Special mentioned	30 to 90 days	3%
Substandard	91 to 180 days	20%
Doubtful	181 to 360 days	50%
Loss	Over 360 days	100%

In addition, a general allowance based on 0.75% of total outstanding loans and advances, net of the total amount of non-performing loan and classified loan, is maintained by the Branch against risks which are not specifically identified.

Recoveries on loans previously written off and reversals of previous provisions are presented as a deduction from the provision for doubtful accounts in the statement of income.

An uncollectible loan or portion of a loan classified as bad debt is written off after taking into consideration the realisable value of the collateral, if any, when in the judgement of the management there is no prospect of recovery.

2.7 Deposits and placements with other banks

Deposits and placements with other banks are carried at cost.

2.8 Statutory deposits

Statutory deposits are carried at cost.

2 Summary of significant accounting policies (Cont'd)

2.9 Investments in securities

Investments in bonds issued by the Bank of the Lao PDR are stated at par. Unearned interest income arising on the acquisition of securities is shown as "Other liabilities" and amortized to interest income on an accrual basis.

2.10 Property and equipment

(i) Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Where an item of property comprises major components having different useful lives, the components are accounted for as separate items of property and equipment.

(ii) Depreciation of property and equipment is charged to the statement of income on a straight-line basis over the estimated useful lives of the individual assets at the following annual rates:

Premises	20%
Furniture and fitting	20%
Office equipment	20%
Motor vehicle	20%

(iii) Subsequent expenditure relating to an item of property and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Branch. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(iv) Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and are recognised in the statement of income on the date of retirement or disposal.

(v) Fully depreciated property and equipment are retained on the statement of financial positions until disposed of or written off.

(vi) The carrying amounts of property and equipment are revised for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. An impairment loss is charged to the statement of income immediately.

Reversal of impairment losses recognised in prior years is recorded where there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the statement of income immediately.

2.11 Provisions

A provision is recognised in the statement of financial positions when the Branch has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

2.12 Deposits

Deposits and placements with banks are stated at placement values. Deposits from customers are stated at placement value and adjusted for accrued interest.

2 Summary of significant accounting policies (Cont'd)

2.13 Income recognition

Interest income is recognised on an accrual basis except in relation to non-performing accounts. Where an account becomes non-performing, the recording of interest as income is suspended and realised on a cash basis. Customers' accounts are deemed to be non-performing where repayments are in arrears for more than three-months, in accordance with BoL regulations.

Income from the various activities of the Branch is accrued using the following bases:

- (i) Loan arrangement fees and commissions on services and facilities extended to customers are recognised on the occurrence of such transactions;
- (ii) Commitment fees and guarantee fees on services and facilities extended to customers are recognised as income over the period in which the services and facilities are extended; and
- (iii) Service charges and processing fees are recognised when the service is provided.

2.14 Interest expense

Interest expense on deposits and borrowings are recognised on an accrual basis.

2.15 Operating lease - for lessee

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to make to the lessor by way of penalty is recognised as an expense in the period in which termination take place.

2.16 Income tax

Income tax on the profit or loss for the year comprises current tax.

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

2.17 Related parties

Enterprises or individuals that, directly or indirectly through one or more intermediaries, control, or are under controlled by, or are under common control with, the Branch, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Branch. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Branch that gives them significant influence over the Branch, key management personnel, including directors and officers of the Branch and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Bangkok Bank Public Company Limited - Vientiane Branch
Notes to the Financial Statements
For the year ended 31 December 2013

3 Cash

	2013	2012
	LAK	LAK
United States Dollar ("USD")	5,454,564,338	4,692,733,717
Thai Baht ("THB")	5,624,879,458	4,312,497,100
Lao Kip ("LAK")	1,196,981,581	626,007,474
	<u>12,276,425,377</u>	<u>9,631,238,291</u>

4 Deposits and placements with other banks

These deposits are used for cheque clearing purposes and the settlement of various interbank transactions.

	2013	2012
	LAK	LAK
Domestic:		
Bank of Lao PDR	110,199,563,049	43,656,730,370
Domestic banks	12,929,215,426	1,959,253,074
Branches of foreign banks in Lao PDR	75,410,743,304	998,999,331
Foreign:		
Deutsche Bank, New York	91,222,798,544	8,738,960,338
	<u>289,762,320,323</u>	<u>55,353,943,113</u>

The above amount are analysed as below:

	2013	2012
	LAK	LAK
a) By maturity:		
At call	224,125,120,323	55,353,943,113
Within 1 year	65,637,200,000	-
	<u>289,762,320,323</u>	<u>55,353,943,113</u>
b) By currencies:		
USD	168,858,954,183	19,788,565,162
THB	69,756,624,011	4,366,992,217
LAK	51,146,742,129	31,198,385,734
	<u>289,762,320,323</u>	<u>55,353,943,113</u>

Bangkok Bank Public Company Limited - Vientiane Branch
Notes to the Financial Statements
For the year ended 31 December 2013

5 Due from Head Office and other Branches

	2013	2012
	LAK	LAK
Due from other Branches		
Deposits	3,292,689,186	-
Placements	83,592,400,000	-
Due from Head Office	26,645,127,630	12,158,631,090
	<u>113,530,216,816</u>	<u>12,158,631,090</u>

The above amounts are analysed as follows:

	2013	2012
	LAK	LAK
a) By maturity:		
At call	29,937,816,816	12,158,631,090
Within 3 months	83,592,400,000	-
	<u>113,530,216,816</u>	<u>12,158,631,090</u>
b) By currencies:		
USD	7,702,825,590	4,551,920,090
AUD	-	18,798,485
EUR	1,167,762	68,109
THB	105,826,223,464	7,587,844,406
	<u>113,530,216,816</u>	<u>12,158,631,090</u>

6 Statutory deposits

	2013	2012
	LAK	LAK
Statutory deposits on:		
Branch capital	27,615,212,500	68,235,212,508
Customer's deposits	41,994,469,993	15,924,420,431
	<u>69,609,682,493</u>	<u>84,159,632,939</u>

Statutory deposits are maintained with the BoL in compliance with BoL regulations, the amounts of which are determined as defined percentages of the Branch's capital and customer's deposit with the Branch. These deposits do not earn interest.

7 Investment in securities

The Branch has invested in bonds of Bank of Lao as at 31 December 2012 amounting to LAK 103.548 billion at the interest rate ranging from 2.0% to 4.5% per annum. The bonds have maturity periods of within one year from the statement of financial position date.

In fiscal year 2013, the Branch has invested in bonds of Bank of Lao and matured within the year. Therefore, as at 31 December 2013 there is no balance of investment in securities.

Bangkok Bank Public Company Limited - Vientiane Branch
Notes to the Financial Statements
For the year ended 31 December 2013

8 Loans and advances

	2013	2012
	LAK	LAK
Loans and advances		
Overdrafts	15,135,555,212	9,456,209,327
Term loans	43,928,405,512	15,205,031,443
Bills receivable	16,924,448,383	8,236,153,029
	<u>75,988,409,107</u>	<u>32,897,393,799</u>
Allowance for doubtful loans and advances:		
General	(569,882,414)	(246,730,440)
Loans and advances, net	<u>75,418,526,693</u>	<u>32,650,663,359</u>

The loans and advances are analysed as follows:

	2013	2012
	LAK	LAK
a) By maturity		
Within 3 months	12,868,799,037	6,017,235,283
4 to 6 months	1,201,844,708	12,219,153,029
7 to 12 months	21,031,304,120	9,456,206,174
1 to 3 years	40,886,461,242	5,204,799,313
	<u>75,988,409,107</u>	<u>32,897,393,799</u>
b) By security:		
Secured	<u>75,988,409,107</u>	<u>32,897,393,799</u>
c) By economic sector:		
Wood and wood products	-	10,678,319,647
Manufacturing	618,703,680	7,523,302,774
Agriculture	-	2,470,584,390
Garment	2,001,500,000	3,983,000,000
Trading	41,544,018,137	2,542,931,501
Logistic	8,422,899,686	5,699,255,487
Construction	23,401,287,604	-
	<u>75,988,409,107</u>	<u>32,897,393,799</u>
d) By currencies:		
LAK	34,732,020,938	2,470,587,781
USD	32,495,946,175	22,184,619,049
THB	8,760,441,994	8,242,186,969
	<u>75,988,409,107</u>	<u>32,897,393,799</u>

Bangkok Bank Public Company Limited - Vientiane Branch
Notes to the Financial Statements
For the year ended 31 December 2013

8 Loans and advances (Cont'd)

The loans and advances are analysed as follows: (Cont'd)

	2013	2012
	LAK	LAK
e) By resident status:		
Residents	<u>75,988,409,107</u>	<u>32,897,393,799</u>
f) By relationship:		
Customers	<u>75,988,409,107</u>	<u>32,897,393,799</u>
g) By performance:		
Performing	<u>75,988,409,107</u>	<u>32,897,393,799</u>
	2013	2012
	%	%
h) By interest rate (per annum):		
Overdraft	3.26 to 10.50	3.30 to 9.20
Term loans	1.90 to 11.00	1.90 to 9.00
Bills receivable	2.65 to 7.65	2.70 to 7.60

9 Allowance for doubtful loans and advances

The movement in the allowance for doubtful loans and advances are as follows:

	2013	2012
	LAK	LAK
Balance at the beginning of the year	246,730,440	179,815,277
Provision made during the year	325,950,199	66,810,523
Foreign exchange translation differences	(2,798,225)	104,640
Balance at the end of the year	<u>569,882,414</u>	<u>246,730,440</u>

10 Other assets

	2013	2012
	LAK	LAK
Interest receivable	2,000,954,000	2,397,743,297
Remittance receivable	19,214,400	3,983,000
Prepayments	16,483,179,505	117,080,524
	<u>18,503,347,905</u>	<u>2,518,806,821</u>

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11 Property and equipment, net

	Premises LAK	Furniture and fitting LAK	Office equipment LAK	Motor vehicles LAK	Work in progress under construction contracts		Total LAK
					LAK	LAK	
Cost							
Balance at 1 January 2013	1,420,956,121	374,042,415	1,336,063,653	867,895,700	-	-	3,998,957,889
Additions	-	-	55,766,468	-	8,248,478,853	-	8,304,245,321
Foreign exchange translation differences	7,135,105	1,878,194	6,708,831	4,358,000	-	-	20,080,130
Balance at 31 December 2013	1,428,091,226	375,920,609	1,398,538,953	872,253,700	8,248,478,853	-	12,323,283,340
Accumulated depreciation							
Balance at 1 January 2013	1,420,948,155	357,664,159	1,160,093,997	438,966,748	-	-	3,377,673,059
Charges for the year	-	5,799,547	71,492,779	93,475,174	-	-	170,767,500
Foreign exchange translation differences	7,135,065	1,795,954	5,825,227	2,204,202	-	-	16,960,448
Balance at 31 December 2013	1,428,083,220	365,259,660	1,237,412,003	534,646,124	-	-	3,565,401,007
Net book value as at							
31 December 2013	8,006	10,660,949	161,126,950	337,607,576	8,248,478,853	-	8,757,882,334
31 December 2012	7,966	44,176,409	164,265,212	412,835,242	-	-	621,274,829

As at 31 December 2013, the work in progress included the retentions on construction contracts amount of LAK 408,964,798.

Bangkok Bank Public Company Limited - Vientiane Branch
Notes to the Financial Statements
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11 Property and equipment, net (Cont'd)

As at 31 December 2013 and 2012, the cost of fully depreciated property and equipment and still be in used were as follows:

	<u>2013</u> <u>LAK</u>	<u>2012</u> <u>LAK</u>
Premises	1,428,091,225	1,420,956,120
Furniture and fitting	347,847,250	343,010,543
Office equipment	1,106,334,169	787,052,987
Motor Vehicles	404,879,432	402,856,552
	<u>3,287,152,076</u>	<u>2,953,876,202</u>

12 Deposits from customers

	<u>2013</u>		<u>2012</u>	
	<u>Number of</u> <u>Depositors</u>	<u>Amount</u> <u>LAK</u>	<u>Number of</u> <u>Depositors</u>	<u>Amount</u> <u>LAK</u>
Current accounts	506	239,525,317,095	468	79,529,160,558
Savings accounts	748	69,457,102,154	736	51,240,607,056
Fixed deposits	64	125,220,948,096	70	56,300,184,235
	<u>1,318</u>	<u>434,203,367,345</u>	<u>1,274</u>	<u>187,069,951,849</u>

The deposits from customers are analysed as follows:

	<u>2013</u> <u>LAK</u>	<u>2012</u> <u>LAK</u>
a) By maturity:		
Within 3 months	379,819,128,150	132,828,519,471
4 to 6 months	3,145,879,219	684,679,135
7 to 12 months	51,238,359,976	53,556,753,243
	<u>434,203,367,345</u>	<u>187,069,951,849</u>
b) By type of customers:		
Individuals	129,475,673,937	30,948,291,730
Foreign corporations	230,290,767,726	79,195,562,335
Domestic corporations	17,363,036,921	21,821,046,129
Others	57,073,888,761	55,105,051,655
	<u>434,203,367,345</u>	<u>187,069,951,849</u>

Bangkok Bank Public Company Limited - Vientiane Branch
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12 Deposits from customers (Cont'd)

The deposits from customers are analysed as follows: (Cont'd)

	2013	2012
	LAK	LAK
c) By currencies:		
USD	210,269,753,567	89,899,408,178
THB	198,505,450,440	82,957,021,058
LAK	25,428,163,338	14,213,522,613
	<u>434,203,367,345</u>	<u>187,069,951,849</u>
	<u>%</u>	<u>%</u>
d) By interest rate (per annum):		
Savings accounts	0.50 to 2.50	0.50 to 2.50
Fixed deposits	1.00 to 6.00	1.00 to 6.00

13 Due to Head Office and other branches

	2013	2012
	LAK	LAK
Fixed accounts	<u>2,458,600,000</u>	<u>-</u>

The above amounts are analysed as follows:

	2013	2012
	LAK	LAK
a) By maturity:		
Within 1 year	<u>2,458,600,000</u>	<u>-</u>
b) By currencies:		
THB	<u>2,458,600,000</u>	<u>-</u>
	<u>%</u>	<u>%</u>
c) By interest rate (per annum):		
Fixed deposits	3.2	-

14 Deposits from other banks

	2013	2012
	LAK	LAK
Current accounts	11,063,069,278	-
Fixed accounts	12,009,000,000	5,665,215,191
	<u>23,072,069,278</u>	<u>5,665,215,191</u>

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14 Deposits from other banks (Cont'd)

The above amounts are analysed as follows:

	<u>2013</u> <u>LAK</u>	<u>2012</u> <u>LAK</u>
a) By maturity:		
Within one year	23,072,069,278	5,665,215,191
b) By currencies:		
USD	19,664,164,190	5,341,219,251
THB	3,407,905,088	323,995,940
	<u>23,072,069,278</u>	<u>5,665,215,191</u>

15 Income tax

	<u>2013</u> <u>LAK</u>	<u>2012</u> <u>LAK</u>
Balance at beginning of the year	801,602,564	390,000,000
Provision for the year	1,572,174,101	802,341,335
Payment during the year	<u>(1,458,445,839)</u>	<u>(390,738,771)</u>
Balance at end of year	<u>915,330,826</u>	<u>801,602,564</u>

	<u>2013</u>		<u>2012</u>	
	<u>LAK</u>	<u>%</u>	<u>LAK</u>	<u>%</u>
Profit before income tax				
- accounting basis	<u>5,559,863,545</u>		<u>1,712,499,763</u>	
Income tax using statutory tax rate	1,334,367,251	24.0	479,499,933	28.0
Tax effects of non-deductible expenses, net	250,074,155	4.5	(13,613,631)	0.7
Over (Under) provisioned tax expense for the year	<u>(12,267,304)</u>	<u>(0.2)</u>	<u>336,455,033</u>	<u>19.6</u>
Effective income tax rate	<u>1,572,174,102</u>	<u>28.3</u>	<u>802,341,335</u>	<u>47.0</u>

16 Other liabilities

	<u>2013</u> <u>LAK</u>	<u>2012</u> <u>LAK</u>
Margin deposits	9,607,200,000	-
Accrued expenses	729,378,650	348,430,340
Remittances payable	2,332,864,410	1,355,915,563
Interest payable	1,437,833,972	1,233,915,158
Retention payable	408,964,798	-
Miscellaneous liabilities	<u>5,263,066,033</u>	<u>725,525,436</u>
	<u>19,779,307,863</u>	<u>3,663,786,497</u>

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17 Branch capital

The Branch has initial capital amount of USD 5 million. In accordance with Agreement on Increasing in Minimum Registered Capital and Investment Capital of Commercial Bank No.141/PM dated on 24 September 2009 of BoL, the Branch of foreign bank in the Lao PDR should maintain the minimum registered capital from LAK 50 billion to LAK 100 billion by 2012 at a minimum of 20% each year.

In accordance with BoL regulations, the USD branch capital for the year ended 31 December 2010 were translated at the rate of LAK 8,470.61 (the rate at 31 January 2010).

On 20 November 2011, the Branch increased the branch capital from LAK42.35 billion to LAK65.41 billion accordance with the approval of capital increment by Bank Supervision Department (BSD) issue letter number 682/Gor Kor Tor dated on 23 December 2011.

On 21 November 2012, the Branch increased the branch capital from LAK65.41 billion to LAK100 billion accordance with the approval of capital increment by Bank Supervision Department (BSD) issue letter number 601/Gor Kor Tor dated on 21 November 2012.

18 Legal Reserve

A legal reserve shall be maintained in accordance with the BoL regulations, comprising annual appropriations of 10% of net income.

19 Interest income

	2013	2012
	LAK	LAK
Loan and advances	2,949,812,141	890,754,543
Deposits and placements with other banks	3,293,217,854	1,420,533,573
Due from Head Office and other branch	374,060,303	884,278,368
Investment in bond	1,539,939,770	1,306,642,030
	<u>8,157,030,068</u>	<u>4,502,208,514</u>

20 Interest expenses

	2013	2012
	LAK	LAK
Deposits from customers	2,499,465,514	1,991,171,004
Due to Head Office and other branches	149,716,694	-
Deposit from other banks	44,079,905	-
	<u>2,693,262,113</u>	<u>1,991,171,004</u>

21 Other income

	2013	2012
	LAK	LAK
Fee and commission income	5,972,831,397	2,619,629,676
Net foreign exchange gain	2,651,717,019	2,310,658,109
Others	873,803,021	353,239,843
	<u>9,498,351,437</u>	<u>5,283,527,628</u>

24 Related party balances and transactions

Balances with related parties as at 31 December are as follows:

	<u>2013</u> <u>LAK</u>	<u>2012</u> <u>LAK</u>
Due from Head Office and other branches:		
Current accounts	29,937,816,816	12,158,631,090
Deposits and placements with banks	83,592,400,000	-
Due to Head Office and other branches		
Deposits and placements with banks	2,458,600,000	-

The current account does not bear interest and the interest earned on the deposit and placements ranges from 0.5% to 1.1% per annum (2012: 0.01% to 1.5%).

Significant transaction with related parties during the year was conducted on normal commercial terms as follows:

	<u>2013</u> <u>LAK</u>	<u>2012</u> <u>LAK</u>
Bangkok Bank Public Company Limited (Head Office and other branches):		
Interest income	374,060,303	884,278,368
Interest expense	149,716,694	-
Head Office administrative charges	3,063,248,915	2,325,910,450

25 Financial risk management policies

The guidelines and policies adopted by the Branch to manage the risks that arise from their business activities are as follows:

25.1 Credit risk

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

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

The credit exposure arising from off statement of financial position activities, i.e. commitments and contingencies, is disclosed in Note 23.

25 Financial risk management policies (Cont'd)

25.2 Market risk

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

(i) Foreign currency exchange risk

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

(ii) Interest rate risk

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rate and shifts in the composition of the assets and liabilities. Interest rate risk is managed through close monitoring of returns on investment, market pricing, cost of funds and through interest rate sensitivity gap analysis. The potential reduction in net interest income from an unfavorable interest rate movement is monitored against the risk tolerance limits set.

25.3 Liquidity risk

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

The management of the Branch closely monitors all inflows and outflows and maturity gaps through periodical reporting. Movements in loans and customers' deposits are monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as and when they fall due.