

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

Financial Statements

31 December 2018

Bangkok Bank Public Company Limited, Vientiane Branch

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Bangkok Bank Public Company Limited, Vientiane Branch

GENERAL INFORMATION

THE BRANCH

Bangkok Bank Public Company Limited, Vientiane Branch ("the Branch") is a branch of Bangkok Bank Public Company Limited, a bank incorporated in Thailand. The Branch operates in the Lao People's Democratic Republic ("Lao PDR") under the Banking Business License No.04/93/BOL granted by Bank of the Lao PDR ("BOL") on 25 February 1993.

The Branch's contributed capital as at 31 December 2018 is LAK 100,000,000,000 (31 December 2017: LAK 100,000,000,000).

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

The Branch is located at Unit 12, Samsenthai Road, Xieng Nguen Village, Chanthabouly District, P.O Box 5400, Vientiane Capital, Lao PDR.

MANAGEMENT

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

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Ms. Chadaphorn Uratchat	Branch Manager	01 October 2014

LEGAL REPRESENTATIVE

The legal representative of the Branch during the year and at the date of this report is Ms. Chadaphorn Uratchat, the Branch Manager.

AUDITORS

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

Bangkok Bank Public Company Limited, Vientiane Branch

REPORT OF MANAGEMENT

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

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

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

STATEMENT BY MANAGEMENT

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

For and on behalf of Management:

Ms. Chadaphorn Uratchat
Branch Manager

Vientiane, Lao PDR

8 August 2019

Reference: 61154742/20686888

INDEPENDENT AUDITORS' REPORT

To: The owner of Bangkok Bank Public Company Limited, Vientiane Branch

Opinion

We have audited the financial statements of Bangkok Bank Public Company Limited, Vientiane Branch ("the Branch"), which comprise the balance sheet as at 31 December 2018, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Branch are prepared, in all material respects, in accordance with the Accounting Law of Lao PDR and with the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Branch in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Lao PDR, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting adopted by the Branch. These accounting policies are not intended to present the financial position, the results of operations and cash flows of the Branch in accordance with international generally accepted accounting principles. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of Bangkok Bank Public Company Limited, Vientiane Branch for the year ended 31 December 2017 were audited by another audit firm which expressed an unmodified opinion on those financial statements on 28 March 2018.

Responsibilities of the Branch's Management for the Financial Statements

The Branch's management is responsible for the preparation of the financial statements in accordance with the Accounting Law of Lao PDR and with the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

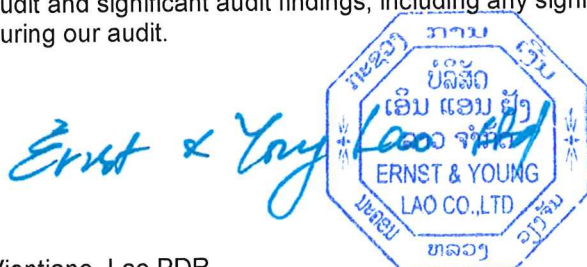
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Branch to cease to continue as a going concern.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Vientiane, Lao PDR

8 August 2019

Bangkok Bank Public Company Limited, Vientiane Branch

INCOME STATEMENT
for the year ended 31 December 2018

Code	ITEMS	Notes	2018 LAK	2017 LAK
A.	OPERATING INCOME AND EXPENSES			
1.	Interest and similar income	3	41,270,519,312	42,742,993,361
2.	Interest and similar expenses	3	(20,223,162,235)	(16,251,657,159)
I.	NET INTEREST AND SIMILAR INCOME	3	21,047,357,077	26,491,336,202
3	Fee and commission income	4	16,269,526,503	10,898,313,574
4	Fee and commission expense	4	(383,009,213)	(340,113,411)
5	Net gain from dealing in foreign currencies	5	5,097,475,102	7,835,645,738
II.	NET OPERATING INCOME		42,031,349,469	44,885,182,103
B	OTHER INCOME AND EXPENSES			
6	Other operating income	6	1,459,993,757	1,383,930,119
7	General and administration expenses		(9,691,799,815)	(9,054,418,930)
7.1	Payroll and other staff costs	7	(5,543,236,250)	(5,163,421,023)
7.2	Other administration expenses	8	(2,667,002,617)	(2,644,177,063)
7.3	Other operating expenses		(1,481,560,948)	(1,246,820,844)
8	Depreciation and amortization charges	15, 16	(858,064,295)	(946,235,528)
9	Other operating expenses	9	(24,550,000)	(1,725,636,317)
10	Net provision for non-performing loans	14.2	512,160,000	(10,381,434,599)
III.	TOTAL PROFIT BEFORE TAX		33,429,089,116	24,161,386,848
11	Current profit tax	22.1	(7,884,935,155)	(7,716,991,327)
12	Deferred tax income	22.2	8,828,452,049	-
IV.	NET PROFIT FOR THE YEAR		34,372,606,010	16,444,395,521

Prepared by:



Ms. Manolom Sasinouan
Accountant

Vientiane, Lao PDR

8 August 2019

Approved by:



Ms. Chadaphorn Uratchat
Branch Manager

Bangkok Bank Public Company Limited, Vientiane Branch

BALANCE SHEET
as at 31 December 2018

Code	ASSETS	Notes	31 December 2018 LAK	31 December 2017 LAK
I	Cash and balances with the BOL		185,240,129,168	212,087,578,616
1	Cash on hand	10	11,108,639,269	15,364,775,600
2	Accounts with the BOL	11	174,131,489,899	196,722,803,016
II	Due from banks		695,674,109,550	493,187,238,066
1	Demand deposits	12.1	350,041,610,350	100,845,718,066
2	Term deposits	12.2	97,685,600,000	117,638,000,000
3	Loans to other banks, net of provision	12.3	247,946,899,200	274,703,520,000
III	Investments		137,306,376,000	-
1	Held to maturity securities	13	137,306,376,000	-
IV	Loans to customers, net of provision for non-performing loans	14	257,245,892,553	339,919,549,344
V	Fixed assets		8,182,387,167	9,012,870,462
1	Tangible fixed assets	15	8,182,387,167	9,011,922,089
2	Intangible fixed assets	16	-	948,373
VI	Other assets		27,755,975,228	45,266,055,949
1	Accrued interest receivable	17	3,957,631,511	1,775,376,120
2	Deferred tax asset	22.2	8,828,452,049	-
3	Other assets	18	14,969,891,668	43,490,679,829
	TOTAL ASSETS		1,311,404,869,666	1,099,473,292,437

Bangkok Bank Public Company Limited, Vientiane Branch

BALANCE SHEET (continued)
as at 31 December 2018

Code	LIABILITIES AND CAPITAL	Notes	31 December 2018 LAK	31 December 2017 LAK
I	Due to banks	19	440,770,322,815	424,144,769,820
1	Demand deposits		87,035,171,003	55,803,727,756
2	Term deposits		102,000,000,000	90,000,000,000
3	Borrowings		250,958,400,000	278,040,000,000
4	Other payables		776,751,812	301,042,064
II	Due to customers	20	663,217,018,594	504,561,558,869
1	Demand and saving deposits		547,886,454,534	371,350,373,175
2	Term deposits		111,568,252,776	131,825,652,463
3	Other payables to customers		3,762,311,284	1,385,533,231
III	Other liabilities		15,482,550,222	12,204,025,349
1	Accrued interest payable	21	3,020,526,723	2,163,412,569
2	Profit tax payable	22.1	8,095,795,410	7,855,053,704
3	Other liabilities	23	4,366,228,089	2,185,559,076
	TOTAL LIABILITIES		1,119,469,891,631	940,910,354,038
IV	Capital and reserves		191,934,978,035	158,562,938,399
1	Contributed capital	24	100,000,000,000	100,000,000,000
2	Regulatory reserve fund		8,982,008,716	5,544,748,114
3	Provision for performing loans	14.2	2,614,675,377	3,615,241,751
4	Retained earnings		80,338,293,942	49,402,948,534
	TOTAL CAPITAL		191,934,978,035	158,562,938,399
	TOTAL LIABILITIES AND CAPITAL		1,311,404,869,666	1,099,473,292,437

Bangkok Bank Public Company Limited, Vientiane Branch

BALANCE SHEET (continued)
as at 31 December 2018

Code	OFF BALANCE SHEET ITEMS	Notes	31 December 2018 LAK	31 December 2017 LAK
I	COMMITMENTS GIVEN			
A	Commitments for financing given		31,191,508,969	17,937,334,636
1	Commitments for financing given to customers		23,597,238,303	8,561,122,792
2	Outward foreign exchange Bill Collection		7,594,270,666	9,376,211,844
B	Commitments for guarantees given		473,066,523,152	416,230,376,465
1	Commitments for guarantees given to customers		473,066,523,152	416,230,376,465
	TOTAL COMMITMENTS GIVEN		504,258,032,121	434,167,711,101
II	COLLATERALS AND MORTGAGES			
A	Collaterals and Mortgages for loans		880,181,584,672	734,837,121,150
1	Collaterals and Mortgages for loans and advance to customers		880,181,584,672	734,837,121,150
B	Collaterals and Mortgages for guarantees given		-	-
	TOTAL COLLATERALS AND MORTGAGES		880,181,584,672	734,837,121,150

Prepared by:



Ms. Manolom Sasinouan
Accountant

Vientiane, Lao PDR

8 August 2019

Approved by:



Ms. Chadaphorn Uratchat
Branch Manager

Bangkok Bank Public Company Limited, Vientiane Branch

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

	Paid-up capital LAK	Regulatory reserve fund LAK	Provision for performing loans LAK	Retained earnings LAK	Total LAK
Balances as at 31 December 2016	100,000,000,000	3,900,308,562	2,748,662,404	34,602,992,565	141,251,963,531
Net profit for the year	-	-	-	16,444,395,521	16,444,395,521
Created regulatory reserve fund for the year	-	1,644,439,552	-	(1,644,439,552)	-
Net provision for performing loans during the year (Note 14.2)	-	-	853,426,113	-	853,426,113
Foreign exchange difference	-	-	13,153,234	-	13,153,234
Balances as at 31 December 2017	100,000,000,000	5,544,748,114	3,615,241,751	49,402,948,534	158,562,938,399
Net profit for the year	-	-	-	34,372,606,010	34,372,606,010
Created regulatory reserve fund for the year	-	3,437,260,602	-	(3,437,260,602)	-
Net provision for performing loans during the year (Note 14.2)	-	-	(1,029,336,360)	-	(1,029,336,360)
Foreign exchange difference	-	-	28,769,986	-	28,769,986
Balances as at 31 December 2018	100,000,000,000	8,982,008,716	2,614,675,377	80,338,293,942	191,934,978,035

Prepared by:

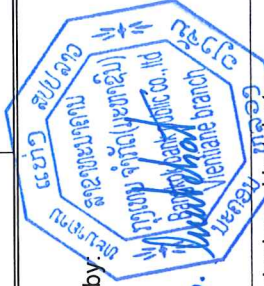


Ms. Manolom Sasinouan
Accountant

Vientiane, Lao PDR

8 August 2019

Approved by:




Ms. Chadaphorn Uratchat
Branch Manager

Bangkok Bank Public Company Limited, Vientiane Branch

CASH FLOW STATEMENT for the year ended 31 December 2018

ITEMS	Notes	2018 LAK	2017 LAK
Net profit before tax		33,429,089,116	24,161,386,848
<i>Adjustments for:</i>			
Depreciation and amortization charges	15,16	858,064,295	946,235,528
Provision of credit activities	14.2	(1,541,496,360)	11,234,860,712
Gain on disposal of fixed assets		-	(114,659,998)
Interest income		(41,270,519,312)	(42,742,993,361)
Interest expense		20,223,162,235	16,251,657,159
Cash flows from operating profit before changing in operating assets and liabilities		11,698,299,974	9,736,486,888
(Increase)/Decrease in operating assets			
Due from banks		41,495,080,374	308,927,351,091
Loans to customers		81,966,784,144	(90,868,854,831)
Held to maturity securities		(137,306,376,000)	-
Other assets		29,768,590,835	(18,741,648,335)
Increase/(Decrease) in operating liabilities			
Due to banks		16,625,552,996	(20,508,251,772)
Due to customers		158,655,459,725	(76,830,371,193)
Other liabilities		2,180,668,969	743,965,571
Profit tax paid during the year	22	(7,644,193,449)	(3,360,000,000)
Interest received		39,088,263,921	43,647,975,361
Interest paid		(19,366,048,080)	(16,181,255,666)
Net cash flows from operating activities		217,162,083,409	136,565,397,114
INVESTING ACTIVITIES			
Purchase and construction of fixed assets and other long-term assets		(27,581,000)	(25,732,234)
Proceeds from disposals of fixed assets and other long-term assets		-	405,688,584
Net cash flows (used in)/from investing activities		(27,581,000)	379,956,350
FINANCING ACTIVITIES			
Net cash flows from financing activities			
Net change in cash and cash equivalents		217,134,502,409	136,945,353,464
Cash and cash equivalents at the beginning of the year		296,345,467,908	159,400,114,444
Cash and cash equivalents at the end of the year	25	513,479,970,317	296,345,467,908

Prepared by:



Ms. Manolom Sasinouan
Accountant

Vientiane, Lao PDR

8 August 2019

Approved by:



Ms. Chadaphorn Uratchat
Branch Manager

Bangkok Bank Public Company Limited, Vientiane Branch

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

1. CORPORATE INFORMATION

Establishment and operations

Bangkok Bank Public Company Limited, Vientiane Branch ("the Branch") is a branch of Bangkok Bank Public Company Limited, a bank incorporated in Thailand. The Branch operates in the Lao People's Democratic Republic ("Lao PDR") under the Banking Business License No.04/93/BOL granted by Bank of the Lao PDR ("BOL") on 25 February 1993.

Contributed capital

The Branch's contributed capital as at 31 December 2018 is LAK 100,000,000,000 (31 December 2017: LAK 100,000,000,000).

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

Management

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

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Ms. Chadaphorn Uratchat	Branch Manager	Appointed on 01 October 2014

Location

The Branch is located at Unit 12, Samsenthai Road, Xieng Nguen Village, Chanthabouly District, P.O Box 5400, Vientiane Capital, Lao PDR.

Employees

Total employees of the Branch as at 31 December 2018 are 25 people (2017: 25 people).

Bangkok Bank Public Company Limited, Vientiane Branch

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Statement of compliance*

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

2.2 *Basis of preparation*

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

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

Fiscal year

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

2.3. *Changes in accounting policies*

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

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

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

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

Bangkok Bank Public Company Limited, Vientiane Branch

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 *Recognition of interest income and expense*

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

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

2.5 *Recognition of fee and commission income*

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

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

2.6 *Cash and cash equivalents*

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

2.7 *Loans and advances to customers*

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

Bangkok Bank Public Company Limited, Vientiane Branch

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Classification of and provision for credit activities

Loan classification

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

Provision

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

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

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

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

where the Branch has opted to not include the discounted value of collateral in the provision calculation as allowed by BOL512 and BOL898.

(ii) The balance of provision for *performing loans to customers* is recorded in the balance sheet in "Provision for performing loans" under capital and reserves, and the balance of provision for *performing loans to banks* is recorded in "Loans to other banks" under due from banks in the balance sheet.

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

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

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

(*) For the year ended 31 December 2018, the Branch used Head Office's provision rate of 1.20% for Group A and 36% for Group C, following the BOL's approval in the Official Letter No. 304/BOL dated 11 September 2014.

Bangkok Bank Public Company Limited, Vientiane Branch

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 *Held-to-maturity investments*

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

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

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

2.10 *Fixed assets*

Fixed asset includes of tangible fixed assets. Tangible fixed assets consist of leasehold improvements, office equipment, furniture and fixtures and motor vehicles.

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

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

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

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

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

2.11 *Depreciation of fixed assets*

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

Leasehold improvements	2%
Computer equipments	20%
Furniture and fixtures	20%
Motor vehicles	20%

Bangkok Bank Public Company Limited, Vientiane Branch

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Reserves

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

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

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

2.13 Foreign currency transactions

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

	31 December 2018	31 December 2017
	LAK	LAK
USD	8,536.00	8,275.00
THB	265.45	253.90
EUR	9,791.00	9,944.00

2.14 Profit tax

Current tax

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

Bangkok Bank Public Company Limited, Vientiane Branch

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Profit tax (continued)

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same profit tax authority.

Bangkok Bank Public Company Limited, Vientiane Branch

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Employee benefits

Post-employment benefits

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

Termination benefits

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

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

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

3. NET INTEREST AND SIMILAR INCOME

	2018 LAK	2017 LAK
Interest and similar income from:		
Interbank transactions	3,029,282,405	7,304,317,675
Loans to customers	35,284,572,941	35,438,675,686
Held-to-maturity securities	2,956,663,966	-
	41,270,519,312	42,742,993,361
Interest and similar expenses for:		
Interbank transactions	15,070,718,694	12,089,687,984
Customers' deposits	5,152,443,541	4,161,969,175
	20,223,162,235	16,251,657,159
Net interest and similar income	21,047,357,077	26,491,336,202

Bangkok Bank Public Company Limited, Vientiane Branch

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

4. NET FEE AND COMMISSION INCOME

	2018 LAK	2017 LAK
Fee and commission income from:	16,269,526,503	10,898,313,574
Settlement services	16,269,526,503	10,898,313,574
Fee and commission expenses for:	383,009,213	340,113,411
Treasury activities	86,577,799	46,690,107
Other activities	296,431,414	293,423,304
Net fee and commission income	15,886,517,290	10,558,200,163

5. NET GAIN FROM DEALING IN FOREIGN CURRENCIES

	2018 LAK	2017 LAK
Income from foreign exchange spot rate differences	5,525,932,669	12,925,133,299
Expense from foreign exchange spot rate differences	(428,457,567)	(5,089,487,561)
Net gain from dealing in foreign currencies	5,097,475,102	7,835,645,738

6. OTHER OPERATING INCOME

	2018 LAK	2017 LAK
Reversal of provision for performing loans to customers	1,029,336,360	853,426,113
Reversal of provision for performing loans to banks	430,214,400	415,844,090
Others	442,997	114,659,916
1,459,993,757	1,383,930,119	

7. PAYROLL AND OTHER STAFF COSTS

	2018 LAK	2017 LAK
Salary, wages and allowances	5,415,881,447	5,005,255,228
Social insurance	71,296,991	67,181,700
Others	56,057,812	90,984,095
5,543,236,250	5,163,421,023	

Bangkok Bank Public Company Limited, Vientiane Branch

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

8. OTHER ADMINISTRATION EXPENSES

	2018 LAK	2017 LAK
External services expenses	729,473,310	806,431,939
Repair and maintenance expenses	122,617,861	181,945,449
Publication, marketing and promotion expenses	1,674,000	1,225,000
Office rental expenses	873,193,500	847,006,500
Telecommunication expenses	617,175,268	584,774,202
Training, meeting and seminar expenses	32,494,995	22,390,187
Tax and other duties expenses	3,620,000	3,090,348
Others	286,753,683	197,313,438
	2,667,002,617	2,644,177,063

9. OTHER OPERATING EXPENSES

	2018 LAK	2017 LAK
Provision for performing loans charged to expense (Note 14.2)	-	1,705,636,317
Others	24,550,000	20,000,000
	24,550,000	1,725,636,317

10. CASH ON HAND

	31 December 2018 LAK	31 December 2017 LAK
Cash on hand in LAK	1,582,163,500	2,206,876,003
Cash on hand in foreign currencies ("FC")	9,526,475,769	13,157,899,597
	11,108,639,269	15,364,775,600

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

	31 December 2018 LAK	31 December 2017 LAK
Compulsory deposits	43,032,769,202	56,407,317,688
Demand deposits	131,093,720,697	122,209,974,242
Registered capital deposits	5,000,000	18,105,511,086
	174,131,489,899	196,722,803,016

Balances with the BOL earn no interest.

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

Bangkok Bank Public Company Limited, Vientiane Branch

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

11. BALANCES WITH THE BOL (continued)

According to Decree No. 02/PR of BOL, foreign bank branches are required to maintain a minimum balance of special deposit at BOL which is equivalent to 25% of their paid-up capital to secure for their operational continuance. The Branch was then approved by the BOL in Official Letter 22/BOL dated 20 Jan 2014 to withdraw from this deposit account to supplement its working capital. As at 31 December 2018, the balance of this special deposit is LAK 5,000,000.

12. DUE FROM BANKS

12.1 Demand deposits

	31 December 2018 LAK	31 December 2017 LAK
Domestic banks	20,254,219,756	1,374,286,276
Foreign banks	329,787,390,594	99,471,431,790
	350,041,610,350	100,845,718,066

12.2 Term deposits

	31 December 2018 LAK	31 December 2017 LAK
- Domestic banks	49,904,600,000	59,713,000,000
Bangkok Bank Public Company Limited, Pakse Branch	9,290,750,000	5,078,000,000
Public Bank Berhad Limited, Vientiane Branch	26,545,000,000	41,940,000,000
May Bank Lao Limited	14,068,850,000	12,695,000,000
- Foreign banks	47,781,000,000	57,925,000,000
Bangkok Bank Limited, Singapore Branch	47,781,000,000	57,925,000,000
	97,685,600,000	117,638,000,000

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

Counterpart bank	Currency	Term	Balance in original currency	LAK equivalent	Interest rate % p.a.
Bangkok Bank Public Company Limited, Pakse Branch	THB	3 months	20,000,000	5,309,000,000	3.25%
Bangkok Bank Public Company Limited, Pakse Branch	THB	3 months	15,000,000	3,981,750,000	3.125%
May Bank Lao Limited	THB	3 months	50,000,000	13,272,500,000	3.25%
May Bank Lao Limited	THB	3 months	3,000,000	796,350,000	3.25%
Public Bank Berhad, Vientiane Branch	THB	6 months	100,000,000	26,545,000,000	3.75%
Bangkok Bank Public Company Limited, Singapore Branch	THB	1 months	80,000,000	21,236,000,000	1.80%
Bangkok Bank Public Company Limited, Singapore Branch	THB	2 months	100,000,000	26,545,000,000	1.70%
				97,685,600,000	

Bangkok Bank Public Company Limited, Vientiane Branch

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

12. DUE FROM BANKS (continued)

12.3 Loans to other banks

Details of loans to other banks as at 31 December 2018 are follows:

	31 December 2018 LAK	31 December 2017 LAK
The BOL	250,958,400,000	278,040,000,000
Provision for performing loans	(3,011,500,800)	(3,336,480,000)
	247,946,899,200	274,703,520,000

The classification of loans to other banks as at 31 December 2018 are follows:

	Loan Balance LAK	Provision for performing loans LAK	Provision for NPL LAK
Performing loan	250,958,400,000	(3,011,500,800)	-
- Normal or pass	250,958,400,000	(3,011,500,800)	-
- Watch or special mention	-	-	-
Non-performing loans	-	-	-
	250,958,400,000	(3,011,500,800)	-

The movements of provision for loans to other banks during the years are follows:

	2018 LAK	2017 LAK
Opening balance	3,336,480,000	3,704,551,200
Provision charged to expense in the year	(430,214,400)	(415,844,090)
Foreign exchange difference	105,235,200	47,772,890
Closing balance	3,011,500,800	3,336,480,000

13. HELD TO MATURITY SECURITIES

	31 December 2018 LAK	31 December 2017 LAK
Bonds issued by the MOF	137,306,376,000	-
	137,306,376,000	-

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

Term	Issue date	Maturity date	LAK equivalent	Interest rate % p.a.
1 year	17-May-18	17-May-19	27,461,275,000	3.00%
2 years	17-May-18	17-May-20	27,461,275,000	3.20%
3 years	17-May-18	17-May-21	27,461,275,000	3.40%
4 years	17-May-18	17-May-22	27,461,275,000	3.60%
5 years	17-May-18	7-May-23	27,461,276,000	3.80%
			137,306,376,000	

Bangkok Bank Public Company Limited, Vientiane Branch

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

14. LOANS AND ADVANCES TO CUSTOMERS, NET OF PROVISION FOR NON-PERFORMING LOANS

	31 December 2018 LAK	31 December 2017 LAK
Commercial loans (Note 14.1)	296,602,171,932	378,568,956,076
Less: provision for non-performing loans (Note 14.2)	(39,356,279,379)	(38,649,406,732)
	257,245,892,553	339,919,549,344

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

	2018 Interest rates % per annum	2017 Interest rates % per annum
Loans and advances denominated in LAK	7.75	6.75
Loans and advances denominated in USD	6.25	5.75
Loans and advances denominated in THB	6.50	6.50

14.1 Loans and advances to customers

Analysis of loan portfolio by currency

	31 December 2018 LAK	31 December 2017 LAK
Loans and advances denominated in LAK	107,108,601,472	231,391,451,606
Loans and advances denominated in USD	163,786,295,377	133,308,257,959
Loans and advances denominated in THB	25,707,275,083	13,869,246,511
	296,602,171,932	378,568,956,076

Analysis of loan portfolio by performing status

	31 December 2018 LAK	31 December 2017 LAK
Performing loans	217,889,613,259	301,270,142,695
Non-performing loans ("NPL")	78,712,558,673	77,298,813,381
	296,602,171,932	378,568,956,076

Analysis of loan portfolio by original term

	31 December 2018 LAK	31 December 2017 LAK
Short-term loans	140,484,528,617	136,373,639,785
Medium-term loans	156,117,643,315	242,195,316,291
	296,602,171,932	378,568,956,076

Bangkok Bank Public Company Limited, Vientiane Branch

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

14. LOANS AND ADVANCES TO CUSTOMERS, NET OF PROVISION FOR NON-PERFORMING LOANS (continued)

14.2 Provision for credit losses

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

	<i>Provision for NPL LAK</i>	<i>Provision for performing loans LAK</i>	<i>Total LAK</i>
Opening balance	38,649,406,732	3,615,241,751	42,264,648,483
Net provision charged to expense in the year	(512,160,000)	(1,029,336,360)	(1,541,496,360)
Foreign exchange difference	1,219,032,647	28,769,986	1,247,802,633
Closing balance	39,356,279,379	2,614,675,377	41,970,954,756

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

	<i>Provision for NPL LAK</i>	<i>Provision for performing loans LAK</i>	<i>Total LAK</i>
Opening balance	27,899,036,666	2,748,662,404	30,647,699,070
Net provision charged to expense in the year	10,381,434,599	853,426,113	11,234,860,712
Foreign exchange difference	368,935,467	13,153,234	382,088,701
Closing balance	38,649,406,732	3,615,241,751	42,264,648,483

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

<i>Classification</i>	<i>Loan balance LAK</i>	<i>Provision for NPL LAK</i>	<i>Provision for performing loans LAK</i>	<i>Total provision LAK</i>
Performing loans				
- Normal or Pass	217,889,613,259	-	2,614,675,377	2,614,675,377
- Watch or Special Mention	-	-	-	-
Non-Performing loans				
- Substandard	-	-	-	-
- Doubtful	78,712,558,673	39,356,279,379	-	39,356,279,379
- Loss	-	-	-	-
Total	296,602,171,932	39,356,279,379	2,614,675,377	41,970,954,756

Bangkok Bank Public Company Limited, Vientiane Branch

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

14. LOANS AND ADVANCES TO CUSTOMERS, NET OF PROVISION FOR NON-PERFORMING LOANS (continued)

14.2 Provision for credit losses (continued)

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

<i>Classification</i>	<i>Loan balance LAK</i>	<i>Provision for NPL LAK</i>	<i>Provision for performing loans LAK</i>	<i>Total provision LAK</i>
Performing loans				
- Normal or Pass	301,270,142,695	-	3,615,241,751	3,615,241,751
- Watch or Special Mention	-	-	-	-
Non-Performing loans				
- Substandard	-	-	-	-
- Doubtful	77,298,813,381	38,649,406,732	-	38,649,406,732
- Loss	-	-	-	-
Total	378,568,956,076	38,649,406,732	3,615,241,751	42,264,648,483

Bangkok Bank Public Company Limited, Vientiane Branch

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

15. TANGIBLE FIXED ASSETS

	Building improvements LAK	Furniture & fixtures LAK	Computer equipments LAK	Motor vehicles LAK	Total LAK
Cost:					
At 01 January 2018	8,773,579,229	1,021,971,177	1,364,834,456	1,255,356,236	12,415,741,098
Additions	-	-	12,241,000	15,340,000	27,581,000
Disposal	-	-	-	-	-
At 31 December 2018	8,773,579,229	1,021,971,177	1,377,075,456	1,270,696,236	12,443,322,098
Accumulated depreciation:					
At 01 January 2018	1,161,306,462	795,362,049	785,830,444	661,320,054	3,403,819,009
Charge for the year	302,337,277	165,710,996	229,341,619	159,726,030	857,115,922
Disposal	-	-	-	-	-
At 31 December 2018	1,463,643,739	961,073,045	1,015,172,063	821,046,084	4,260,934,931
Net book value:					
At 01 January 2018	7,612,272,767	226,609,128	579,004,012	594,036,182	9,011,922,089
At 31 December 2018	7,309,935,490	60,898,132	361,903,393	449,650,152	8,182,387,167

Bangkok Bank Public Company Limited, Vientiane Branch

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

16. INTANGIBLE FIXED ASSETS

	<i>Software</i> <i>LAK</i>
Cost:	
At 01 January 2018	63,708,800
Additions	-
Disposal	-
At 31 December 2018	63,708,800
Accumulated depreciation:	
At 01 January 2018	62,760,427
Charge for the year	948,373
Depreciation of disposal	-
At 31 December 2018	63,708,800
Net book value:	
At 01 January 2018	948,373
At 31 December 2018	-

17. ACCRUED INTEREST RECEIVABLE

	<i>31 December 2018</i> <i>LAK</i>	<i>31 December 2017</i> <i>LAK</i>
Accrued interest receivable - due from banks	521,649,792	1,173,129,036
Accrued interest receivable - loans and advances to customers	479,317,753	602,247,084
Accrued interest receivable - securities investments	2,956,663,966	-
	3,957,631,511	1,775,376,120

18. OTHER ASSETS

	<i>31 December 2018</i> <i>LAK</i>	<i>31 December 2017</i> <i>LAK</i>
Prepaid expenses to be allocated	14,533,303,056	14,670,566,215
Others	436,588,612	28,820,113,614
	14,969,891,668	43,490,679,829

Bangkok Bank Public Company Limited, Vientiane Branch

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

19. DUE TO BANKS

	31 December 2018 LAK	31 December 2017 LAK
Demand deposits	87,035,171,003	55,803,727,756
Domestic banks	61,427,171,003	55,803,727,756
Foreign banks	25,608,000,000	-
Term deposits	102,000,000,000	90,000,000,000
Domestic banks	102,000,000,000	90,000,000,000
Borrowings	250,958,400,000	278,040,000,000
Foreign banks	250,958,400,000	278,040,000,000
Other payables	776,751,812	301,042,064
	440,770,322,815	424,144,769,820

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

Counterparty bank	Currency	Term	Balance in original currency	LAK equivalent	Interest rate % p.a.
ANZ Bank (Lao) Limited	LAK	3 months	15,000,000,000	15,000,000,000	3.16%
Bangkok Bank Pakse Branch	LAK	3 months	40,000,000,000	40,000,000,000	3.60%
Siam Commercial Bank, Vientiane Branch	LAK	3 months	30,000,000,000	30,000,000,000	3.25%
Indochina Bank	LAK	6 months	17,000,000,000	17,000,000,000	3.75%
				102,000,000,000	

Bangkok Bank Public Company Limited, Vientiane Branch

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

20. DUE TO CUSTOMERS

	31 December 2018 LAK	31 December 2017 LAK
Demand deposits	186,841,049,079	101,515,163,620
In LAK	16,771,281,879	10,328,019,996
In foreign currencies	170,069,767,200	91,187,143,624
Saving deposits	361,045,405,455	269,835,209,555
In LAK	12,931,979,533	11,515,012,670
In foreign currencies	348,113,425,922	258,320,196,885
Fixed term deposits	111,568,252,776	131,825,652,463
In LAK	12,758,966,832	12,254,126,367
In foreign currencies	98,809,285,944	119,571,526,096
Other payables	3,762,311,284	1,385,533,231
	663,217,018,594	504,561,558,869

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

	2018 Interest rate	2017 Interest rate
Demand deposits in LAK	No interest	No interest
Demand deposits in foreign currencies	No interest	No interest
Saving deposits in LAK	3.00%	3.00%
Saving deposits in USD	0.50% - 0.75%	0.50% - 0.75%
Saving deposits in THB	0.75%	0.75%
Fixed term deposits in LAK	6.00%	6.00%
Fixed term deposits in USD	0.50% - 1.75%	0.50% - 1.75%
Fixed term deposits in THB	0.75% - 3.00%	0.75% - 3.00%

21. ACCRUED INTEREST PAYABLE

	31 December 2018 LAK	31 December 2017 LAK
Accrued interest payable - balances with other banks	835,092,995	526,512,368
Accrued interest payable - customer deposits	2,185,433,728	1,636,900,201
	3,020,526,723	2,163,412,569

Bangkok Bank Public Company Limited, Vientiane Branch

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

22. PROFIT TAX

22.1 Current profit tax

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

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

	2018 LAK	2017 LAK
Profit before tax	33,429,089,116	24,161,386,848
Non-deductible (income)/expenses	(575,192,634)	7,992,743,680
Taxable profit	32,853,896,481	32,154,130,528
Current PT expense, at the statutory rate of 24%	7,884,935,155	7,716,991,327
PT payable at the beginning of the year	7,855,053,704	3,498,062,377
PT paid during the year	(7,644,193,449)	(3,360,000,000)
PT payable at the end of the year	8,095,795,410	7,855,053,704

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

22.2 Deferred tax asset

	31 December 2018 LAK
Temporary between tax and accounting treatment for provision	8,828,452,049
	8,828,452,049

Movement of deferred tax assets for the year 2018 are as follows:

	2018 LAK
As at 1 January	-
Net change during the year	
Charged to profit or loss	8,828,452,049
As at 31 December	8,828,452,049

Bangkok Bank Public Company Limited, Vientiane Branch

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

23. OTHER LIABILITIES

	31 December 2018 LAK	31 December 2017 LAK
Rental fee	2,499,545,257	1,680,146,881
Payables to employees	346,134,600	467,947,835
Others	1,520,548,232	37,464,360
	4,366,228,089	2,185,559,076

24. CONTRIBUTED CAPITAL

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

	2018 LAK	2017 LAK
Opening balance	100,000,000,000	100,000,000,000
Increase in the year	-	-
Closing balance	100,000,000,000	100,000,000,000

25. CASH AND CASH EQUIVALENTS

	31 December 2018 LAK	31 December 2017 LAK
Cash on hand	11,108,639,269	15,364,775,600
Demand deposit at the BOL	131,093,720,698	122,209,974,242
Demand deposits at other banks	350,041,610,350	100,845,718,066
Term deposit due within 30 days	21,236,000,000	57,925,000,000
	513,479,970,317	296,345,467,908

Bangkok Bank Public Company Limited, Vientiane Branch

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

26. RELATED PARTY TRANSACTIONS

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

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

Bangkok Bank Public Company Limited, Vientiane Branch

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

26. RELATED PARTY TRANSACTIONS (continued)

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

<i>Related party</i>	<i>Relationship</i>	<i>Transactions</i>	<i>31 December 2018 Receivable/ (Payable) LAK</i>	<i>31 December 2017 Receivable/ (Payable) LAK</i>
Bangkok Bank Public Company Limited, Head Office	Head Office	Demand deposits	208,056,336,158	57,078,797,447
Bangkok Bank Public Company Limited, Head Office	Head Office	Demand deposits	(25,608,000,000)	-
Bangkok Bank Public Company Limited, Head Office	Head Office	Loan	(250,958,400,000)	(278,040,000,000)
Bangkok Bank Public Company Limited, Pakse Branch	Fellow branch	Demand deposits	(9,480,511,082)	(27,228,487,933)
Bangkok Bank Public Company Limited, Pakse Branch	Fellow branch	Term deposits	9,290,750,000	5,078,000,000
Bangkok Bank Public Company Limited, Pakse Branch	Fellow branch	Term deposits	(40,000,000,000)	(25,000,000,000)
Bangkok Bank Public Company Limited, Pakse Branch	Fellow branch	Other	(1,253,509,049)	28,627,418,972
Bangkok Bank Public Company Limited, Singapore Branch	Fellow branch	Term deposits	47,781,000,000	57,925,000,000
Bangkok Bank Public Company Limited, Singapore Branch	Fellow branch	Demand deposits	46,580,013	45,155,765
Bangkok Bank Public Company Limited, New York Branch	Fellow branch	Demand deposits	121,374,998,414	42,047,465,227
Bangkok Bank Public Company Limited, Manila Branch	Fellow branch	Demand deposits	309,476,009	300,013,352

Bangkok Bank Public Company Limited, Vientiane Branch

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

26. RELATED PARTY TRANSACTIONS (continued)

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

	2018 LAK	2017 LAK
Interest income from Bangkok Bank Public Company Limited, Pakse Branch	209,759,917	103,825,100
Interest expense to Bangkok Bank Public Company Limited, Pakse Branch	(1,269,719,177)	(673,630,135)
Interest income from Bangkok Bank Public Company Limited, Singapore Branch	674,488,986	495,107,386
Interest income from Bangkok Bank Public Company Limited, New York Branch	492,321,482	135,447,517
Interest expense to Bangkok Bank Public Company Limited, Head Office	(12,309,103,036)	(9,367,288,994)

Transactions with key management personnel of the Branch

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

	2018 LAK	2017 LAK
Salaries	1,089,740,933	1,026,664,024
Bonus	115,440,724	80,860,735
Housing allowance	166,236,000	166,236,000
	<u>1,371,417,657</u>	<u>1,273,760,759</u>

Bangkok Bank Public Company Limited, Vientiane Branch

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

27. RECLASSIFICATION OF CORRESPONDING FIGURES

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

			Currency: LAK Amount (reclassified)
Items	Previously presented	Reclassification	
Other operating expenses	General provision from credit activities	Other operating expenses	1,705,636,317
Other operating expenses	Other expenses	Other operating expenses	20,000,000
Other administration expenses	Other operating expenses	Other administration expenses - Other operating expenses	1,246,820,845
Interest and similar income	Interest income from customers	Interest and similar income from interbank transactions	79,892,146
Amount due from other banks - Demand deposits	Due from head office and other branches	Demand deposits	99,471,431,791
Amount due from other banks - Term deposits	Due from head office and other branches	Term deposits	63,003,000,000
Other assets - Others	Due from head office and other branches	Others	28,627,418,972
Amounts due to other banks	Due to Head Office and other branches	Demand and saving deposits due to other banks	27,228,487,933
Amounts due to other banks	Due to Head Office and other branches	Term deposits to other banks	25,000,000,000
Amounts due to other banks	Due to Head Office and other branches	Borrowings to other banks	278,040,000,000
Amounts due to customers	Demand deposits	Other payables to customers	338,798,302

28. EVENTS AFTER THE BALANCE SHEET DATE

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

Prepared by:

Ms. Manolom Sasinouan
Accountant

Vientiane, Lao PDR

8 August 2019

Approved by:



Ms. Chadaphorn Uratchat
Branch Manager