

*BANGKOK BANK PUBLIC COMPANY LIMITED  
- PAKSE BRANCH*

*Financial Statements*

*Year ended December 31, 2021*



## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the regulations of Bank of the Lao PDR and the Branch's accounting policies as described in Note 3 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use basis of accounting and, based on the audit evidence obtained, using the lower of carrying amount or net realizable value basis instead of the going concern basis of accounting as described in Note 2 to the financial statements.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**VIENTIANE**  
March 30, 2022

*Waraporn*

Waraporn Kriengsuntornchai  
Certified Public Accountant



**DELOITTE (LAO) SOLE COMPANY LIMITED**

## **Bangkok Bank Public Company Limited - Pakse Branch**

### **Branch information**

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

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

The Branch Manager is responsible for ascertaining that the financial statements are properly drawn up so as to give a true and fair view of the statement of financial position of the Branch as at December 31, 2021, and the related statements of profit or loss and other comprehensive income, changes in Head Office account and cash flows for the year then ended. In preparing these financial statements, the Branch Manager is required to:

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

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

*Ch. Luatchat*



Ms. Chadaphorn Uratchat  
Branch Manager

March 30, 2022

**BANGKOK BANK PUBLIC COMPANY LIMITED - PAKSE BRANCH**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2021**

**UNIT : LAK**

	<b>Notes</b>	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>			
Cash on hand	11.1	1,715,018,344	1,733,199,345
Interbank and money market items	12	139,753,213,682	69,911,213,029
Due from other branch	23	82,994,054,536	52,225,038,911
Statutory deposits	13	1,453,125,656	2,302,910,074
Loans to customers and accrued interest receivables, net	14		
Loans to customers		36,787,000,000	5,737,545,000
Accrued interest receivables		30,412,778	5,095,888
Total Loans to customers and accrued interest receivables		36,817,412,778	5,742,640,888
Less Allowance for doubtful accounts		(441,444,000)	(68,850,540)
Total Loans to customers and accrued interest receivables, net		36,375,968,778	5,673,790,348
Property and equipment held for sale	15.1	4,050,709,533	-
Intangible assets held for sale	15.2	101,199,527	-
Property and equipment	16	-	4,888,091,233
Intangible assets	17	-	126,516,749
Current tax assets		672,269,345	66,335,409
Other assets	19	29,563,665	19,332,270
<b>TOTAL ASSETS</b>		<b>267,145,123,066</b>	<b>136,946,427,368</b>

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

**BANGKOK BANK PUBLIC COMPANY LIMITED - PAKSE BRANCH**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT DECEMBER 31, 2021**

**UNIT : LAK**

	<b>Notes</b>	<b>2021</b>	<b>2020</b>
<b>LIABILITIES AND HEAD OFFICE ACCOUNT</b>			
Deposits	20	46,176,552,284	29,461,053,554
Due to Head Office and other branch	23	116,771,600,000	5,688,740,000
Tax payables	10	176,597,324	-
Provision for severance pay		389,940,544	-
Other liabilities	21	618,741,296	458,822,562
<b>TOTAL LIABILITIES</b>		<u>164,133,431,448</u>	<u>35,608,616,116</u>
<b>HEAD OFFICE ACCOUNT</b>			
Branch capital	22	101,650,000,000	101,650,000,000
Retained earnings (Accumulated deficit)			
Unappropriated (deficit)		1,361,691,618	(312,188,748)
<b>TOTAL HEAD OFFICE ACCOUNT</b>		<u>103,011,691,618</u>	<u>101,337,811,252</u>
<b>TOTAL LIABILITIES AND HEAD OFFICE ACCOUNT</b>		<u><u>267,145,123,066</u></u>	<u><u>136,946,427,368</u></u>

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



**BANGKOK BANK PUBLIC COMPANY LIMITED - PAKSE BRANCH**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

UNIT : LAK

	Notes	2021	2020
Interest income	5	4,774,556,522	3,384,232,306
Interest expenses	5	(1,076,908,354)	(469,750,344)
Net interest income	5	3,697,648,168	2,914,481,962
Fees and service income	6	195,018,927	600,044,649
Fees and service expenses	6	(27,094,879)	(40,116,666)
Net fees and service income	6	167,924,048	559,927,983
Gain on foreign exchange transactions		1,806,031,095	2,271,267,703
Other operating income		4,165,240	27,838
Total operating income		5,675,768,551	5,745,705,486
Other operating expenses			
Employee's expenses	7	(1,500,052,731)	(864,701,210)
Depreciation and amortization expenses	8	(862,698,913)	(1,287,980,397)
Others		(745,410,626)	(674,073,667)
Total operating expenses		(3,108,162,270)	(2,826,755,274)
Impairment loss of loans (expenses)/ reversal	9	(378,866,640)	128,148,632
Profit before income tax expenses		2,188,739,641	3,047,098,844
Income tax expenses	10	(514,859,275)	(380,732,233)
<b>Net profit</b>		1,673,880,366	2,666,366,611
<b>Total comprehensive income</b>		1,673,880,366	2,666,366,611

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

**BANGKOK BANK PUBLIC COMPANY LIMITED - PAKSE BRANCH**

**STATEMENT OF CHANGES IN HEAD OFFICE ACCOUNT**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

	UNIT : LAK		
	<b>Branch Capital</b>	<b>Retained Earnings Unappropriated (Deficit)</b>	<b>Total Head Office Account</b>
<b>Beginning balance as at January 1, 2020</b>	101,650,000,000	(2,978,555,359)	98,671,444,641
Total comprehensive income	-	2,666,366,611	2,666,366,611
<b>Ending balance as at December 31, 2020</b>	<u>101,650,000,000</u>	<u>(312,188,748)</u>	<u>101,337,811,252</u>
<b>Beginning balance as at January 1, 2021</b>	101,650,000,000	(312,188,748)	101,337,811,252
Total comprehensive income	-	1,673,880,366	1,673,880,366
<b>Ending balance as at December 31, 2021</b>	<u>101,650,000,000</u>	<u>1,361,691,618</u>	<u>103,011,691,618</u>

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

## BANGKOK BANK PUBLIC COMPANY LIMITED - PAKSE BRANCH

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

UNIT : LAK

	Notes	2021	2020
<b>Cash flows from operating activities</b>			
Profit before income tax expenses		2,188,739,641	3,047,098,844
Adjustments to reconcile net profit for the year			
to cash received (paid) from operating activities:			
Depreciation and amortization	8	862,698,913	1,287,980,397
Provision for doubtful accounts charges/ (reversal)	9	378,866,640	(128,148,632)
Unrealized (gain) loss on exchange	14.2	(6,273,180)	6,253,839
Provision for severance pay expenses		389,940,544	-
Gain on disposal of equipment		(2,699,991)	-
Interest income		(4,774,556,522)	(3,384,232,306)
Interest expenses		1,076,908,354	469,750,344
Cash generated from operations		113,624,399	1,298,702,486
Interest received		4,449,732,750	2,624,272,066
Interest paid		(960,919,451)	(265,017,390)
Income tax paid		(944,195,887)	(401,288,762)
Profit from operating before changes in			
operating assets and liabilities		2,658,241,811	3,256,668,400
Changes in operating assets and liabilities:			
Decrease (increase) in operating assets:			
Interbank and money market items		28,556,000,000	(48,573,258,215)
Statutory deposits		849,784,418	(1,892,397,835)
Due from other branch		(30,310,721,847)	(21,133,622,326)
Loans to customers		(31,049,455,000)	10,157,899,521
Other assets		(10,231,395)	57,554,151
Increase (decrease) in operating liabilities:			
Deposits		16,715,498,730	20,110,024,032
Due to Head Office and other branch		111,082,860,000	(1,783,760,000)
Other liabilities		43,929,831	17,281,820
Net cash provided by (used in) operating activities		98,535,906,548	(39,783,610,452)

## BANGKOK BANK PUBLIC COMPANY LIMITED - PAKSE BRANCH

## STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

UNIT : LAK

	Notes	2021	2020
<b>Cash flows from investing activities</b>			
Proceeds from redemption of investments		-	20,000,000,000
Proceeds from disposal of equipment		2,700,000	-
Purchases of property and equipment	11.2	-	(203,285,977)
Purchases of intangible assets	11.2	-	(126,655,472)
Net cash provided by investing activities		<u>2,700,000</u>	<u>19,670,058,551</u>
<b>Cash flows from financing activities</b>		<u>-</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		98,538,606,548	(20,113,551,901)
Cash and cash equivalents at beginning of the year		<u>11,897,292,194</u>	<u>32,010,844,095</u>
Cash and cash equivalents at end of the year		<u><u>110,435,898,742</u></u>	<u><u>11,897,292,194</u></u>
<b>Cash and cash equivalents</b>			
Cash on hand	11.1	1,715,018,344	1,733,199,345
Deposits within three months with other banks	4.4	<u>108,720,880,398</u>	<u>10,164,092,849</u>
		<u><u>110,435,898,742</u></u>	<u><u>11,897,292,194</u></u>

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

**BANGKOK BANK PUBLIC COMPANY LIMITED - PAKSE BRANCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**1. GENERAL INFORMATION**

Bangkok Bank Public Company Limited (the “Bank”) is incorporated in Thailand. Bangkok Bank Public Company Limited - Pakse Branch (the “Branch”) is a branch office of the Bank that operates in the Lao People’s Democratic Republic (“Lao PDR”) under a banking license (License No. 40/BoL) granted by the Bank of the Lao PDR (“BoL”) on December 10, 2015. The Branch commenced its main business as a commercial bank in the Lao PDR on January 5, 2016.

These financial statements were approved for issue by the Branch’s management on March 30, 2022.

**2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS**

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

The Branch’s financial statements have been prepared in accordance with the accounting policies as described in Note 3. These accounting policies are primarily based on International Financial Reporting Standards (“IFRSs”). However, this is not a complete set of general purpose financial statements prepared in accordance with IFRS as the Branch has not adopted IFRS 9 “Financial Instruments” as following the guidance stipulated in Official Letter No. 1659/BoL dated December 14, 2018 for the year ended December 31, 2021.

The Branch’s financial statements for the year ended December 31, 2020 have been prepared under historical cost convention.

As mentioned in Note 25 to the financial statements, on September 29, 2021, Bank of the Lao PDR acknowledged a plan of closing the Branch. In addition, the Branch’s management planned to close the Branch within 2022. Therefore, it triggered the condition of material uncertainty that cast significant doubt on the Branch’s ability to continue as a going concern. As a result, the Branch changed its basis in the preparation and presentation of the financial statements for the year ended December 31, 2021 from a going concern basis to the lower of carrying amount or net realizable value basis. Assets are stated at the net realizable value of the assets and liabilities are stated at the value or estimated settlement amounts.

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Recognition of income

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

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

#### 3.2 Recognition of expenses

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

#### 3.3 Cash and cash equivalents

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

#### 3.4 Loans to customers

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

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

#### 3.5 Allowance for doubtful accounts

Loan classification and provision for losses are made in accordance with BoL regulations No.512/BoL dated June 29, 2018 on Article 9. These classifications are applied as guidance to assist the Branch to better estimate its loan loss provision as follows:

Classification	Number of days past due	Provision rate (No. 512/BoL)	Provision rate (The Branch)
Normal	1 to 30 days	0.50%	1.20%*
Special mentioned	31 to 90 days	3.00%	3.00%
Substandard	91 to 180 days	20.00%	20.00%
Doubtful	181 to 360 days	50.00%	50.00%
Loss	Over 360 days	100.00%	100.00%

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

Changes in allowance for doubtful accounts are recorded to the statement of profit or loss and other comprehensive income as allowance for doubtful debt or reversal on allowance for doubtful debt. Allowance for doubtful accounts is recorded in the statement of financial position in allowance for doubtful accounts as a contra account of loans to customers.

### **3.6 Assets held for sale**

Assets are classified as held for sale consisting of property and equipment held for sale and intangible assets held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less cost to sell.

### **3.7 Property and equipment**

Property and equipment are stated at cost net of accumulated depreciation and allowance for impairment (if any).

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

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

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

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

### **3.8 Intangible assets**

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

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

Computer software	2 - 5 years
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When intangible assets become impaired, the allowance for impairment is recorded to recognize loss on impairment as other operating expense.

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

### **3.9 Leases**

The Branch as tenants recognizes liabilities under rental contracts at the present value of the obligations under the lease agreements, and recognizes right-of-use assets with the value of lease liabilities plus the initial direct costs and the right-of-use assets are amortized over the straight-line method throughout the lease term.



### **3.10 Income tax expenses**

Income tax expenses comprise of current tax and deferred tax.

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

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

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

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

### **3.11 Provisions**

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

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

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

### **3.12 Segment information**

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

### **3.13 Foreign currency translation**

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

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

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



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

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

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

## **4. FINANCIAL RISK MANAGEMENT**

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

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

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

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

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

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

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

## 4.1 Credit risk

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

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

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

### 4.1.1 Credit risk exposure

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

	2021 LAK	2020 LAK
Loans to corporate entity	36,787,000,000	5,737,545,000
Total	<u>36,787,000,000</u>	<u>5,737,545,000</u>

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

#### (a) Geographical sectors

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

	2021 LAK	2020 LAK
Residents	36,787,000,000	5,737,545,000
Total	<u>36,787,000,000</u>	<u>5,737,545,000</u>

(b) Industry sectors

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

	2021 LAK	2020 LAK
Trading company	36,787,000,000	5,737,545,000
Total	<u>36,787,000,000</u>	<u>5,737,545,000</u>

## 4.2 Interest rate risk

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

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

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

	2021						Total LAK
	Call to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	
	LAK	LAK	LAK	LAK	LAK	LAK	
<b>Financial assets</b>							
Interbank and money market items	108,720,880,398	-	31,032,333,284	-	-	-	139,753,213,682
Due from other branch	24,981,420,491	57,855,293,778	-	-	-	157,340,267	82,994,054,536
Statutory deposits	-	-	-	-	-	1,453,125,656	1,453,125,656
Loans to customers and accrued interest receivables	-	-	20,804,322,500	16,013,090,278	-	-	36,817,412,778
<b>Financial liabilities</b>							
Deposits	4,378,638,824	21,423,525,242	1,004,076,900	-	-	19,370,311,318	46,176,552,284
Due to Head Office and other branch	3,464,500,000	17,322,500,000	-	-	-	95,984,600,000	116,771,600,000
	2020						Total LAK
	Call to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	
	LAK	LAK	LAK	LAK	LAK	LAK	
<b>Financial assets</b>							
Interbank and money market items	10,164,092,849	-	59,747,120,180	-	-	-	69,911,213,029
Due from other branch	32,150,038,911	20,075,000,000	-	-	-	-	52,225,038,911
Statutory deposits	-	-	-	-	-	2,302,910,074	2,302,910,074
Loans to customers and accrued interest receivables	5,742,640,888	-	-	-	-	-	5,742,640,888
<b>Financial liabilities</b>							
Deposits	1,979,505,308	200,998,160	18,313,384,147	366,799,653	-	8,600,366,286	29,461,053,554
Due to Head Office and other branch	50,690,000	5,638,050,000	-	-	-	-	5,688,740,000

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

### 4.3 Foreign exchange risk

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

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

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

	2021				
	LAK	USD	THB	Others	Total
	LAK	LAK	LAK	LAK	LAK
<b>Financial assets</b>					
Cash on hand	823,883,000	332,162,521	558,972,823	-	1,715,018,344
Interbank and money market items	42,645,403,753	96,214,205,208	893,604,721	-	139,753,213,682
Due from other branch	40,558,547,091	23,262,691,765	19,172,815,680	-	82,994,054,536
Statutory deposits	113,000,000	1,175,811,350	164,314,306	-	1,453,125,656
Loans to customers and accrued interest receivables	16,013,090,278	-	20,804,322,500	-	36,817,412,778
<b>Financial liabilities</b>					
Deposits	18,712,366,863	23,470,597,260	3,993,588,161	-	46,176,552,284
Due to Head Office and other branch	-	95,984,600,000	20,787,000,000	-	116,771,600,000
	2020				
	LAK	USD	THB	Others	Total
	LAK	LAK	LAK	LAK	LAK
<b>Financial assets</b>					
Cash on hand	851,892,000	77,072,346	804,234,999	-	1,733,199,345
Interbank and money market items	47,760,242,125	18,854,698,901	3,296,272,003	-	69,911,213,029
Due from other branch	49,748,839,490	395,812,098	2,080,387,323	-	52,225,038,911
Statutory deposits	129,790,000	1,478,449,300	694,670,774	-	2,302,910,074
Loans to customers and accrued interest receivables	-	-	5,742,640,888	-	5,742,640,888
<b>Financial liabilities</b>					
Deposits	5,589,556,699	18,512,410,286	5,359,086,569	-	29,461,053,554
Due to Head Office and other branch	50,690,000	-	5,638,050,000	-	5,688,740,000

#### 4.4 Liquidity risk

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

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

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

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

	2021						Total
	Call to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	
	LAK	LAK	LAK	LAK	LAK	LAK	
<b>Financial assets</b>							
Interbank and money							
market items	108,720,880,398	-	31,032,333,284	-	-	-	139,753,213,682
Due from other branch	25,138,760,758	57,855,293,778	-	-	-	-	82,994,054,536
Statutory deposits	1,453,125,656	-	-	-	-	-	1,453,125,656
Loans to customers and accrued interest receivables	-	-	20,804,322,500	16,013,090,278	-	-	36,817,412,778
<b>Financial liabilities</b>							
Deposits	23,748,950,142	21,423,525,242	1,004,076,900	-	-	-	46,176,552,284
Due to Head Office and other branch	99,449,100,000	17,322,500,000	-	-	-	-	116,771,600,000
	2020						Total
	Call to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	
	LAK	LAK	LAK	LAK	LAK	LAK	
<b>Financial assets</b>							
Interbank and money							
market items	10,164,092,849	-	59,747,120,180	-	-	-	69,911,213,029
Due from other branch	32,150,038,911	20,075,000,000	-	-	-	-	52,225,038,911
Statutory deposits	2,302,910,074	-	-	-	-	-	2,302,910,074
Loans to customers and accrued interest receivables	5,742,640,888	-	-	-	-	-	5,742,640,888
<b>Financial liabilities</b>							
Deposits	10,579,871,594	200,998,160	18,313,384,147	366,799,653	-	-	29,461,053,554
Due to Head Office and other branch	50,690,000	5,638,050,000	-	-	-	-	5,688,740,000



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

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

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

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

	Carrying value/ Fair value	
	2021	2020
	LAK	LAK
<b>Financial assets</b>		
Cash on hand	1,715,018,344	1,733,199,345
Interbank and money market items	139,753,213,682	69,911,213,029
Due from other branch	82,994,054,536	52,225,038,911
Statutory deposits	1,453,125,656	2,302,910,074
Loans to customers and accrued interest receivables, net	36,375,968,778	5,673,790,348
<b>Financial liabilities</b>		
Deposits	46,176,552,284	29,461,053,554
Due to Head Office and other branch	116,771,600,000	5,688,740,000

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

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

#### 4.6 Capital management

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

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

#### 5. NET INTEREST INCOME

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

	2021 LAK	2020 LAK
<b>Interest income</b>		
Interest income from interbanks	3,627,033,097	1,925,025,636
Interest income from investments	-	850,000,000
Interest income from customers	1,147,523,425	609,206,670
	<u>4,774,556,522</u>	<u>3,384,232,306</u>
<b>Interest expenses</b>		
Interest expenses for interbank	(286,485,047)	(211,857,683)
Interest expenses for customers	(790,423,307)	(257,892,661)
	<u>(1,076,908,354)</u>	<u>(469,750,344)</u>
Net interest income	<u>3,697,648,168</u>	<u>2,914,481,962</u>

#### 6. NET FEES AND SERVICE INCOME

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

	2021 LAK	2020 LAK
Fees and service income	195,018,927	600,044,649
Fees and service expenses	(27,094,879)	(40,116,666)
Net fees and service income	<u>167,924,048</u>	<u>559,927,983</u>

**7. EMPLOYEE'S EXPENSES**

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

	<b>2021 LAK</b>	<b>2020 LAK</b>
Wages and salaries	686,793,843	533,480,612
Bonuses	99,999,996	88,950,000
Other benefits	323,318,348	242,270,598
	<u>1,110,112,187</u>	<u>864,701,210</u>

**8. DEPRECIATION AND AMORTIZATION EXPENSES**

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

	<b>2021 LAK</b>	<b>2020 LAK</b>
Depreciation of property and equipment (see Note 16)	837,381,691	1,287,841,673
Amortization of computer software (see Note 17)	25,317,222	138,724
	<u>862,698,913</u>	<u>1,287,980,397</u>

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

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

	<b>2021 LAK</b>	<b>2020 LAK</b>
Loans to customers	378,866,640	(128,148,632)
	<u>378,866,640</u>	<u>(128,148,632)</u>

**10. TAX PAYABLE AND INCOME TAX EXPENSES**

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

	<b>2021 LAK</b>	<b>2020 LAK</b>
Current tax expenses for the years	514,859,275	334,953,353
Net deferred tax expenses for the years (see Note 18)	-	45,778,880
	<u>514,859,275</u>	<u>380,732,233</u>



Tax payable as at December 31, are as follows:

	<b>2021 LAK</b>	<b>2020 LAK</b>
Tax payable at the beginning of the years	-	-
Income tax expenses for the years	514,859,275	-
Income tax paid during the years	<u>(338,261,951)</u>	<u>-</u>
Tax payable at the end of the years	<u>176,597,324</u>	<u>-</u>

**Reconciliation of effective tax rate**

	<b>2021 LAK</b>	<b>2020 LAK</b>
Profit before income tax expenses	2,188,739,641	3,047,098,844
Income tax at the domestic tax rate (20%)	437,747,928	609,419,769
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	77,111,347	51,876,056
Unused tax loss for the years	<u>-</u>	<u>(280,563,592)</u>
Income tax expenses as per statement of profit or loss and other comprehensive income	<u>514,859,275</u>	<u>380,732,233</u>
Effective tax rate	23.52%	12.49%

**11. CASH ON HAND**

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

	<b>2021 LAK</b>	<b>2020 LAK</b>
Cash on hand in LAK	823,883,000	851,892,000
Cash on hand in USD	332,162,521	77,072,346
Cash on hand in THB	<u>558,972,823</u>	<u>804,234,999</u>
	<u>1,715,018,344</u>	<u>1,733,199,345</u>

## 11.2 Non-cash items

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

	2021 LAK	2020 LAK
Fixed asset payables at beginning of the year	-	-
<u>Add</u> Purchases of tangible assets	-	203,285,977
Purchases of intangible assets	-	126,655,472
Unrealized gain on exchange rate	-	-
<u>Less</u> Cash payments for tangible assets	-	(203,285,977)
Cash payments for intangible assets	-	(126,655,472)
Fixed asset payables at ending of the year	-	-

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

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

	2021 LAK	2020 LAK
Demand deposits at Bank of the Lao PDR	108,720,880,398	10,164,092,849
Time deposits at other banks	30,000,000,000	58,556,000,000
Accrued interest receivables	1,032,333,284	1,191,120,180
	<u>139,753,213,682</u>	<u>69,911,213,029</u>

## 13. STATUTORY DEPOSITS

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

	2021 LAK	2020 LAK
Customer deposits	1,448,125,656	2,297,910,074
Branch capital	5,000,000	5,000,000
	<u>1,453,125,656</u>	<u>2,302,910,074</u>

Statutory deposits on customers deposits with BoL are maintained in compliance with applicable BoL regulations, the amounts of which are determined as a defined percentage of customers' deposits with the Branch, i.e. 3% on deposits of LAK and 5% on deposits of foreign currencies. These deposits do not earn interest.

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

#### 14. LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET

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

	2021 LAK	2020 LAK
Loans to customers	36,787,000,000	5,737,545,000
Accrued interest receivables	30,412,778	5,095,888
	<u>36,817,412,778</u>	<u>5,742,640,888</u>
<u>Less</u> Allowance for doubtful accounts	<u>(441,444,000)</u>	<u>(68,850,540)</u>
Loans to customers and accrued interest receivables, net	<u>36,375,968,778</u>	<u>5,673,790,348</u>

##### 14.1 Loan to customers are classified as follows:

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

	2021 LAK	2020 LAK
Loans	36,787,000,000	5,737,545,000
	<u>36,787,000,000</u>	<u>5,737,545,000</u>

###### 14.1.2 Classified by currency as at December 31, are as follows:

	2021 LAK	2020 LAK
LAK	16,000,000,000	-
THB	20,787,000,000	5,737,545,000
	<u>36,787,000,000</u>	<u>5,737,545,000</u>

###### 14.1.3 Classified by performance as at December 31, are as follows:

	2021 LAK	2020 LAK
Performing loans	36,787,000,000	5,737,545,000
	<u>36,787,000,000</u>	<u>5,737,545,000</u>

##### 14.2 Allowance for doubtful accounts

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

	2021 LAK	2020 LAK
Beginning balance	68,850,540	190,745,333
Doubtful accounts during the years (reversal)	378,866,640	(128,148,632)
Foreign exchange translation difference	(6,273,180)	6,253,839
Ending balance	<u>441,444,000</u>	<u>68,850,540</u>

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

	2021		2020	
	Loan balance	Allowance for doubtful accounts	Loan balance	Allowance for doubtful accounts
	LAK	LAK	LAK	LAK
<b>Performing loans</b>				
Normal	36,787,000,000	441,444,000	5,737,545,000	68,850,540
Special mentioned	-	-	-	-
Total	36,787,000,000	441,444,000	5,737,545,000	68,850,540
<b>Non-performing loans</b>				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	-	-	-	-
	<u>36,787,000,000</u>	<u>441,444,000</u>	<u>5,737,545,000</u>	<u>68,850,540</u>

As at December 31, 2021 and 2020, the Branch has allowance for doubtful accounts in the statement of financial position as allowance for doubtful accounts of LAK 441,444,000 and LAK 68,850,540, respectively.

## 15. ASSETS HELD FOR SALE

15.1 Property and equipment held for sale as at December 31, 2021 consist of the following:

	Balances as at January 1, 2021	Additions	Disposals	Transfer from property and equipment	Balances as at December 31, 2021
	LAK	LAK	LAK	LAK	LAK
<b>Cost:</b>					
Leasehold improvements	-	-	-	2,108,532,178	2,108,532,178
Right-of-use assets	-	-	-	3,782,851,333	3,782,851,333
Furniture and fixtures	-	-	-	1,736,306,266	1,736,306,266
Computer equipment	-	-	-	764,183,385	764,183,385
Total cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,391,873,162</u>	<u>8,391,873,162</u>
<b>Accumulated depreciation</b>					
Leasehold improvements	-	-	-	(648,220,972)	(648,220,972)
Right-of-use assets	-	-	-	(1,335,124,000)	(1,335,124,000)
Furniture and fixtures	-	-	-	(1,726,210,968)	(1,726,210,968)
Computer equipment	-	-	-	(631,607,689)	(631,607,689)
Total accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,341,163,629)</u>	<u>(4,341,163,629)</u>
<b>Property and equipment held for sale</b>	<u>-</u>				<u>4,050,709,533</u>

15.2 Intangible assets held for sale as at December 31, 2021 consist of the following:

	Balances as at January 1, 2021 LAK	Additions LAK	Disposals LAK	Transfer from intangible assets LAK	Balances as at December 31, 2021 LAK
Cost:					
Computer software	-	-	-	191,679,472	191,679,472
Total cost	-	-	-	191,679,472	191,679,472
Accumulated amortization:					
Computer software	-	-	-	(90,479,945)	(90,479,945)
Total accumulated amortization	-	-	-	(90,479,945)	(90,479,945)
<b>Intangible assets held for sale</b>	-				<b>101,199,527</b>

## 16. PROPERTY AND EQUIPMENT

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

As at December 31, 2021

	Balances as at January 1, 2021 LAK	Additions LAK	Disposals LAK	Transfer to property and equipment held for sale LAK	Balances as at December 31, 2021 LAK
Cost:					
Leasehold improvements	2,108,532,178	-	-	(2,108,532,178)	-
Right-of-use assets	3,782,851,333	-	-	(3,782,851,333)	-
Furniture and fixtures	1,736,306,266	-	-	(1,736,306,266)	-
Computer equipment	848,390,985	-	(84,207,600)	(764,183,385)	-
Total cost	8,476,080,762	-	(84,207,600)	(8,391,873,162)	-
Accumulated depreciation					
Leasehold improvements	(538,156,826)	(110,064,146)	-	648,220,972	-
Right-of-use assets	(667,562,000)	(667,562,000)	-	1,335,124,000	-
Furniture and fixtures	(1,710,189,619)	(16,021,349)	-	1,726,210,968	-
Computer equipment	(672,081,084)	(43,734,196)	84,207,591	631,607,689	-
Total accumulated depreciation	(3,587,989,529)	(837,381,691)	84,207,591	4,341,163,629	-
<b>Property and equipment</b>	<b>4,888,091,233</b>				<b>-</b>

**As at December 31, 2020**

	<b>Balances as at January 1, 2020 LAK</b>	<b>Adjustment of Beginning Balance LAK</b>	<b>Additions  LAK</b>	<b>Disposals  LAK</b>	<b>Balances as at December 31, 2020 LAK</b>
<b>Cost:</b>					
Leasehold improvements	2,108,532,178	-	-	-	2,108,532,178
Right-of-use assets	-	3,782,851,333	-	-	3,782,851,333
Furniture and fixtures	1,736,306,266	-	-	-	1,736,306,266
Computer equipment	645,105,008	-	203,285,977	-	848,390,985
<b>Total cost</b>	<b>4,489,943,452</b>	<b>3,782,851,333</b>	<b>203,285,977</b>	<b>-</b>	<b>8,476,080,762</b>
<b>Accumulated depreciation:</b>					
Leasehold improvements	(427,791,133)	-	(110,365,693)	-	(538,156,826)
Right-of-use assets	-	-	(667,562,000)	-	(667,562,000)
Furniture and fixtures	(1,362,351,343)	-	(347,838,276)	-	(1,710,189,619)
Computer equipment	(510,005,380)	-	(162,075,704)	-	(672,081,084)
<b>Total accumulated depreciation</b>	<b>(2,300,147,856)</b>	<b>-</b>	<b>(1,287,841,673)</b>	<b>-</b>	<b>(3,587,989,529)</b>
<b>Property and equipment</b>	<b>2,189,795,596</b>				<b>4,888,091,233</b>
<b>Depreciation</b>					
2021				<b>LAK</b>	<b>837,381,691</b>
2020				<b>LAK</b>	<b>1,287,841,673</b>

**17. INTANGIBLE ASSETS**

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

**As at December 31, 2021**

	<b>Balances as at January 1, 2021 LAK</b>	<b>Additions  LAK</b>	<b>Disposals  LAK</b>	<b>Transfer to intangible assets held for sale LAK</b>	<b>Balances as at December 31, 2021 LAK</b>
<b>Cost:</b>					
Computer software	191,679,472	-	-	(191,679,472)	-
<b>Total cost</b>	<b>191,679,472</b>	<b>-</b>	<b>-</b>	<b>(191,679,472)</b>	<b>-</b>
<b>Accumulated amortization:</b>					
Computer software	(65,162,723)	(25,317,222)	-	90,479,945	-
<b>Total accumulated amortization</b>	<b>(65,162,723)</b>	<b>(25,317,222)</b>	<b>-</b>	<b>90,479,945</b>	<b>-</b>
<b>Intangible assets</b>	<b>126,516,749</b>				<b>-</b>

As at December 31, 2020

	Balances as at January 1, 2020 LAK	Additions LAK	Disposals LAK	Balances as at December 31, 2020 LAK
Cost:				
Computer software	65,024,000	126,655,472	-	191,679,472
Total cost	65,024,000	126,655,472	-	191,679,472
Accumulated amortization:				
Computer software	(65,023,999)	(138,724)	-	(65,162,723)
Total accumulated amortization	(65,023,999)	(138,724)	-	(65,162,723)
<b>Intangible assets</b>	<u>1</u>			<u>126,516,749</u>
<b>Amortization</b>				
2021			LAK	25,317,222
2020			LAK	<u>138,724</u>

#### 18. DEFERRED TAX ASSETS

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

Deferred income taxes are calculated on all temporary differences using an effective tax rate of 20%.

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

	2021 LAK	2020 LAK
Deferred tax assets	<u>-</u>	<u>-</u>

Movement in deferred tax assets during the year ended December 31, 2020 is as follows:

	Balance as at January 1, 2020 LAK	Items as recognized in profit and loss LAK	2020 Item as Recognized in other comprehensive Income LAK	Balance as at December 31, 2020 LAK
<b>Deferred tax assets</b>				
Loans to customers	45,778,880	(45,778,880)	-	-
Total	<u>45,778,880</u>	<u>(45,778,880)</u>	<u>-</u>	<u>-</u>



**19. OTHER ASSETS**

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

	<b>2021 LAK</b>	<b>2020 LAK</b>
Prepaid expenses	16,917,280	16,917,270
Others	12,646,385	2,415,000
	<u>29,563,665</u>	<u>19,332,270</u>

**20. DEPOSITS**

Deposits as at December 31, consist of the following:

	<b>2021 LAK</b>	<b>2020 LAK</b>
Demand deposits		
Current deposits	19,370,311,318	8,600,366,286
Savings deposits	4,255,622,288	1,650,576,713
Total	<u>23,625,933,606</u>	<u>10,250,942,999</u>
Time deposits		
Fixed deposits	22,550,618,678	19,210,110,555
Total	<u>22,550,618,678</u>	<u>19,210,110,555</u>
	<u>46,176,552,284</u>	<u>29,461,053,554</u>

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

	<b>2021 LAK</b>	<b>2020 LAK</b>
LAK	18,712,366,863	5,589,556,699
USD	23,470,597,260	18,512,410,286
THB	3,993,588,161	5,359,086,569
	<u>46,176,552,284</u>	<u>29,461,053,554</u>

**21. OTHER LIABILITIES**

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

	<b>2021 LAK</b>	<b>2020 LAK</b>
Accrued interest payables		
Deposits	281,119,348	238,252,975
Due to other branch	75,573,560	2,451,030
Accrued expenses	256,859,109	213,574,577
Other payable	5,189,279	4,543,980
	<u>618,741,296</u>	<u>458,822,562</u>



## 22. BRANCH CAPITAL

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

According to Amended Law on Commercial Bank No. 56/NA dated on December 7, 2018 which was published in Lao Official Gazette on June 7, 2019 and in effective on June 21, 2019, the branch of foreign commercial bank in the Lao PDR should maintain the minimum registered capital of LAK 300 billion. The BoL allows the Branch to increase capital either on a one-time basis or in phases over the five-year period. The Branch submitted Capital Increment Plan to the BoL on June 29, 2020 and the Branch obtained an approval from the BoL on July 24, 2020 to inject the first capital injection by the second quarter of 2021.

However, the Branch sent a request for cancellation of the first capital injection to BoL on August 16, 2021 due to the fact that the Branch's management planned to close the Branch and the BoL acknowledged the plan of closing the Branch on September 29, 2021 to cancel the capital injection.

## 23. RELATED PARTY BALANCES AND TRANSACTIONS

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

	<b>2021</b> <b>LAK</b>	<b>2020</b> <b>LAK</b>
Due from other branch		
Deposits	82,460,760,758	52,150,038,911
Accrued interest receivables	533,293,778	75,000,000
	<u>82,994,054,536</u>	<u>52,225,038,911</u>
Due to Head Office and other branch		
Deposits	20,787,000,000	5,688,740,000
Other payables	95,984,600,000	-
	<u>116,771,600,000</u>	<u>5,688,740,000</u>
Due to Head Office and other branch		
Due to Head Office	95,984,600,000	-
Due to other branch	20,787,000,000	5,688,740,000
	<u>116,771,600,000</u>	<u>5,688,740,000</u>

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

	<b>2021</b> <b>LAK</b>	<b>2020</b> <b>LAK</b>
a) By type:		
Demand deposits	25,138,760,758	32,150,038,911
Time deposits	57,322,000,000	20,000,000,000
	<u>82,460,760,758</u>	<u>52,150,038,911</u>
b) By currencies:		
LAK	40,030,213,758	49,673,839,490
USD	23,257,731,320	395,812,098
THB	19,172,815,680	2,080,387,323
	<u>82,460,760,758</u>	<u>52,150,038,911</u>

Interest rates on deposits due from other branch for the years ended December 31, 2021 and 2020 are 2.00% - 5.50% per annum and 3.00% - 3.60% per annum, respectively.

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

	<b>2021</b> <b>LAK</b>	<b>2020</b> <b>LAK</b>
a) By type:		
Demand deposits	-	50,690,000
Time deposits	20,787,000,000	5,638,050,000
Other payables	95,984,600,000	-
	<u>116,771,600,000</u>	<u>5,688,740,000</u>
b) By currencies:		
LAK	-	50,690,000
USD	95,984,600,000	-
THB	20,787,000,000	5,638,050,000
	<u>116,771,600,000</u>	<u>5,688,740,000</u>

Interest rates on deposits due to Head Office and other branch for the years ended December 31, 2021 and 2020 are 3.00% - 3.25% per annum and 3.10% - 3.25% per annum, respectively.

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

	<b>2021</b> <b>LAK</b>	<b>2020</b> <b>LAK</b>
Interest income		
Other branch	1,014,292,238	376,869,863
Interest expenses		
Other branch	286,485,047	211,857,683

**24. CORONAVIRUS DISEASE 2019 PANDEMIC**

The Coronavirus disease 2019 (“COVID-19”) pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Branch operates. Nevertheless, the Branch’s management will continue to monitor the ongoing development and regularly assess the financial impact in respect of valuation of assets, provisions and contingent liabilities.

**25. BRANCH CLOSURE**

On September 29, 2021, Bank of the Lao PDR acknowledged a plan of closing the Branch. In addition, on December 30, 2021, the Board of Directors’ meeting No. 99/2021 of the Bank approved the closure of the Branch, and the Branch’s management planned to close the Branch within 2022. Therefore, it triggered the condition of material uncertainty that cast significant doubt on the Branch’s ability to continue as a going concern. As a result, the Branch changed its basis of accounting for the preparation and presentation of the financial statements for the year ended December 31, 2021 from a going concern basis to the lower of carrying amount or net realizable value basis. Assets are stated at the net realizable value of the assets and liabilities are stated at the value or estimated settlement amounts.