

BANGKOK BANK PUBLIC COMPANY LIMITED
- PAKSE BRANCH

Financial Statements

Period ended August 31, 2022
(date of discontinued branch banking operation)

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE BRANCH MANAGER OF BANGKOK BANK PUBLIC COMPANY LIMITED - PAKSE BRANCH

Opinion

We have audited the financial statements of Bangkok Bank Public Company Limited - Pakse Branch (the "Branch"), which comprise the statement of financial position as at August 31, 2022 (date of discontinued branch banking operation), and the related statements of profit or loss and other comprehensive income, changes in Head Office account and cash flows for the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation), and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Bangkok Bank Public Company Limited - Pakse Branch for the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation) are prepared, in all material respects, in accordance with the regulations of Bank of the Lao PDR and the Branch's accounting policies as described in Note 3 to the financial statements.

Basis for Opinion

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

Emphasis of Matters

We draw your attention as described in the following notes to the financial statements:

1. Notes 1 and 2 to the financial statements that the Board of Directors of Bangkok Bank Public Company Limited approved the closure of the Branch on December 30, 2021. Subsequently, on July 29, 2022, Bank of the Lao PDR approved a plan of closing the Branch. The Branch discontinued banking operations on August 31, 2022. The Branch's financial statements have been prepared on the lower of carrying amount or net realizable value basis.



2. Notes 2 and 3 to the financial statements, which describe the basis for preparation of the financial statements and significant accounting policies. The financial statements are prepared to provide information for use by the Branch, the Head Office and Bank of the Lao PDR. As a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of these matters.

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 and elected to prepare the financial statements 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.

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.



Waraporn Kriengsuntorn
Certified Public Accountant

VIENTIANE

September 23, 2022

DELOITTE (LAO) SOLE COMPANY LIMITED

Bangkok Bank Public Company Limited - Pakse Branch

Branch information

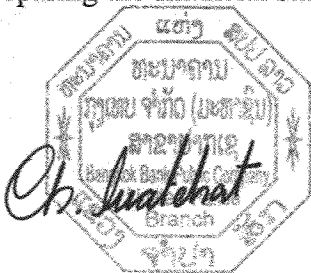
Branch	Bangkok Bank Public Company Limited - Pakse Branch
Registration number	40/BoL
Registered office	3 Sala Kiew-Dongjong Road Phonsavanh Village, Pakse District Champasak Province, Lao PDR
Branch Manager	Ms. Chadaphorn Uratchat
Auditor	Deloitte (Lao) Sole Company Limited

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 August 31, 2022 (date of discontinued branch banking operation), and the related statements of profit or loss and other comprehensive income, changes in Head Office account and cash flows for the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation). 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.



Ms. Chadaphorn Uratchat
Branch Manager

September 23, 2022

BANGKOK BANK PUBLIC COMPANY LIMITED - PAKSE BRANCH

STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2022 (DATE OF DISCONTINUED BRANCH BANKING OPERATION)

UNIT : LAK

	Notes	As at August 31, 2022 (date of discontinued branch banking operation)	As at December 31, 2021
ASSETS			
Cash on hand	11	-	1,715,018,344
Interbank and money market items	12	117,553,761	139,753,213,682
Due from other branch	20	103,740,852,674	82,994,054,536
Statutory deposits	13	8,390,110	1,453,125,656
Loans to customers and accrued interest receivables, net	14		
Loans to customers		-	36,787,000,000
Accrued interest receivables		-	30,412,778
Total Loans to customers and accrued interest receivables		-	36,817,412,778
<u>Less</u> Allowance for doubtful accounts		-	(441,444,000)
Total Loans to customers and accrued interest receivables, net		-	36,375,968,778
Property and equipment held for sale	15.1	-	4,050,709,533
Intangible assets held for sale	15.2	-	101,199,527
Current tax assets		672,269,345	672,269,345
Other assets	16	-	29,563,665
TOTAL ASSETS		104,539,065,890	267,145,123,066

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 AUGUST 31, 2022 (DATE OF DISCONTINUED BRANCH BANKING OPERATION)

UNIT : LAK

	Notes	As at August 31, 2022 (date of discontinued branch banking operation)	As at December 31, 2021
LIABILITIES AND HEAD OFFICE ACCOUNT			
Deposits	17	-	46,176,552,284
Due to Head Office and other branch	20	6,058,200	116,771,600,000
Tax payables	10	-	176,597,324
Provision for severance pay		-	389,940,544
Other liabilities	18	199,999,972	618,741,296
TOTAL LIABILITIES		<u>206,058,172</u>	<u>164,133,431,448</u>
HEAD OFFICE ACCOUNT			
Branch capital	19	101,650,000,000	101,650,000,000
Retained earnings			
Unappropriated		2,683,007,718	1,361,691,618
TOTAL HEAD OFFICE ACCOUNT		<u>104,333,007,718</u>	<u>103,011,691,618</u>
TOTAL LIABILITIES AND HEAD OFFICE ACCOUNT		<u><u>104,539,065,890</u></u>	<u><u>267,145,123,066</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 PERIOD FROM JANUARY 1, 2022
TO AUGUST 31, 2022 (DATE OF DISCONTINUED BRANCH BANKING OPERATION)

UNIT : LAK

	Notes	For the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation)	For the year ended December 31, 2021
Interest income	5	2,039,031,456	4,774,556,522
Interest expenses	5	(422,257,789)	(1,076,908,354)
Net interest income	5	1,616,773,667	3,697,648,168
Fees and service income	6	56,077,876	195,018,927
Fees and service expenses	6	(19,752,239)	(27,094,879)
Net fees and service income	6	36,325,637	167,924,048
Gain on foreign exchange transactions		3,562,284,566	1,806,031,095
Other operating income		1,264,530	4,165,240
Total operating income		5,216,648,400	5,675,768,551
Other operating expenses			
Employee's expenses	7	(665,628,802)	(1,500,052,731)
Depreciation and amortization expenses	8	-	(862,698,913)
Others		(3,397,591,656)	(745,410,626)
Total operating expenses		(4,063,220,458)	(3,108,162,270)
Impairment loss of loans (expenses)/ reversal	9	482,489,400	(378,866,640)
Profit before income tax expenses		1,635,917,342	2,188,739,641
Income tax expenses	10	(314,601,242)	(514,859,275)
Net profit		1,321,316,100	1,673,880,366
Total comprehensive income		1,321,316,100	1,673,880,366

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 PERIOD FROM JANUARY 1, 2022

TO AUGUST 31, 2022 (DATE OF DISCONTINUED BRANCH BANKING OPERATION)

	UNIT : LAK		
	Branch Capital	Retained Earnings Unappropriated	Total Head Office Account
Beginning balance as at January 1, 2021	101,650,000,000	(312,188,748)	101,337,811,252
Total comprehensive income	-	1,673,880,366	1,673,880,366
Ending balance as at December 31, 2021	<u>101,650,000,000</u>	<u>1,361,691,618</u>	<u>103,011,691,618</u>
Beginning balance as at January 1, 2022	101,650,000,000	1,361,691,618	103,011,691,618
Total comprehensive income	-	1,321,316,100	1,321,316,100
Ending balance as at August 31, 2022 (date of discontinued branch banking operation)	<u>101,650,000,000</u>	<u>2,683,007,718</u>	<u>104,333,007,718</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 PERIOD FROM JANUARY 1, 2022

TO AUGUST 31, 2022 (DATE OF DISCONTINUED BRANCH BANKING OPERATION)

UNIT : LAK

	Notes	For the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation)	For the year ended December 31, 2021
Cash flows from operating activities			
Profit before income tax expenses		1,635,917,342	2,188,739,641
Adjustments to reconcile net profit for the year to cash received (paid) from operating activities:			
Depreciation and amortization	8	-	862,698,913
Provision for doubtful accounts charges/ (reversal)	9	(482,489,400)	378,866,640
Unrealized (gain) loss on exchange	14.2	41,045,400	(6,273,180)
Provision for severance pay expenses		-	389,940,544
Loss on impairment of assets held for sale		2,182,291,667	-
Gain on disposal of equipment		-	(2,699,991)
Gain on disposal of assets held for sale		(899,997)	-
Interest income		(2,039,031,456)	(4,774,556,522)
Interest expenses		422,257,789	1,076,908,354
Cash generated from operations		1,759,091,345	113,624,399
Interest received		3,635,071,296	4,449,732,750
Interest paid		(778,950,697)	(960,919,451)
Income tax paid		(491,198,566)	(944,195,887)
Profit from operating before changes in operating assets and liabilities		4,124,013,378	2,658,241,811
Changes in operating assets and liabilities:			
Decrease (increase) in operating assets:			
Interbank and money market items		30,000,000,000	28,556,000,000
Statutory deposits		1,444,735,546	849,784,418
Due from other branch		(21,280,091,916)	(30,310,721,847)
Loans to customers		36,787,000,000	(31,049,455,000)
Other assets		29,563,665	(10,231,395)
Increase (decrease) in operating liabilities:			
Deposits		(46,176,552,284)	16,715,498,730
Due to Head Office and other branch		(116,765,541,800)	111,082,860,000
Other liabilities		(451,988,960)	43,929,831
Net cash provided by (used in) operating activities		(112,288,862,371)	98,535,906,548

BANGKOK BANK PUBLIC COMPANY LIMITED - PAKSE BRANCH
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD FROM JANUARY 1, 2022
TO AUGUST 31, 2022 (DATE OF DISCONTINUED BRANCH BANKING OPERATION)

UNIT : LAK

	Notes	For the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation)	For the year ended December 31, 2021
Cash flows from investing activities			
Proceeds from disposal of equipment		-	2,700,000
Proceeds from disposal of assets held for sale		1,970,517,390	-
Net cash provided by investing activities		<u>1,970,517,390</u>	<u>2,700,000</u>
Cash flows from financing activities		<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents		(110,318,344,981)	98,538,606,548
Cash and cash equivalents at beginning of the period/year		<u>110,435,898,742</u>	<u>11,897,292,194</u>
Cash and cash equivalents at end of the period/year		<u><u>117,553,761</u></u>	<u><u>110,435,898,742</u></u>
Cash and cash equivalents			
Cash on hand	11	-	1,715,018,344
Deposits within three months with other banks	4.4	<u>117,553,761</u>	<u>108,720,880,398</u>
		<u><u>117,553,761</u></u>	<u><u>110,435,898,742</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 PERIOD FROM JANUARY 1, 2022 TO AUGUST 31, 2022
(DATE OF DISCONTINUED BRANCH BANKING OPERATION)

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.

The Board of Directors’ meeting No.99/2021 of the Bank approved the closure of the Branch on December 30, 2021. On March 30, 2022, the Bank submitted a letter to BoL informing the wind up of the Branch operation with target date within 2022. Subsequently, on July 29, 2022, BoL approved a plan of closing the Branch. According to detail of closure plan, after the Branch discontinued service to customer, disposed assets and settled/transferred liabilities, the Branch issued the final audit financial statements for the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation) and will submit the corporate income tax filing by year-end 2022.

These financial statements were approved for issue by the Branch’s management on September 23, 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 period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation).

As describe in Note 1, the financial statements for the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation) and for the year ended December 31, 2021 have been prepared on 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 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.

3.8 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.

3.9 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.

3.10 Segment information

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

3.11 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.

3.12 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 are as follows:

	As at August 31, 2022 (date of discontinued branch banking operation) LAK	As at December 31, 2021 LAK
Loans to corporate entity	-	36,787,000,000
Total	-	36,787,000,000

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 follows:

	As at August 31, 2022 (date of discontinued branch banking operation) LAK	As at December 31, 2021 LAK
Residents	-	36,787,000,000
Total	-	36,787,000,000

(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 follows:

	As at August 31, 2022 (date of discontinued branch banking operation) LAK	As at December 31, 2021 LAK
Trading company	-	36,787,000,000
Total	-	36,787,000,000

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 follows:

	As at August 31, 2022 (date of discontinued branch banking operation)						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	
Financial assets							
Interbank and money market items	117,553,761	-	-	-	-	-	117,553,761
Due from other branch	103,740,852,674	-	-	-	-	-	103,740,852,674
Statutory deposits	-	-	-	-	-	8,390,110	8,390,110
Loans to customers and accrued interest receivables	-	-	-	-	-	-	-
Financial liabilities							
Deposits	-	-	-	-	-	-	-
Due to Head Office and other branch	6,058,200	-	-	-	-	-	6,058,200
	As at December 31, 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	
Financial assets							
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
Financial liabilities							
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

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 follows:

	As at August 31, 2022 (date of discontinued branch banking operation)				
	LAK	USD	THB	Others	Total
	LAK	LAK	LAK	LAK	LAK
Financial assets					
Cash on hand	-	-	-	-	-
Interbank and money market items	112,345,671	4,159,080	1,049,010	-	117,553,761
Due from other branch	103,740,852,674	-	-	-	103,740,852,674
Statutory deposits	7,540,000	462,120	387,990	-	8,390,110
Loans to customers and accrued interest receivables	-	-	-	-	-
Financial liabilities					
Deposits	-	-	-	-	-
Due to Head Office and other branch	-	4,621,200	1,437,000	-	6,058,200
	As at December 31, 2021				
	LAK	USD	THB	Others	Total
	LAK	LAK	LAK	LAK	LAK
Financial assets					
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
Financial liabilities					
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

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 follows:

As at August 31, 2022 (date of discontinued branch banking operation)						
	Call to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity
	LAK	LAK	LAK	LAK	LAK	LAK
Financial assets						
Interbank and money market items	117,553,761	-	-	-	-	-
Due from other branch	103,740,852,674	-	-	-	-	-
Statutory deposits	8,390,110	-	-	-	-	-
Loans to customers and accrued interest receivables	-	-	-	-	-	-
Financial liabilities						
Deposits	-	-	-	-	-	-
Due to Head Office and other branch	6,058,200	-	-	-	-	-
As at December 31, 2021						
	Call to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity
	LAK	LAK	LAK	LAK	LAK	LAK
Financial assets						
Interbank and money market items	108,720,880,398	-	31,032,333,284	-	-	-
Due from other branch	25,138,760,758	57,855,293,778	-	-	-	-
Statutory deposits	1,453,125,656	-	-	-	-	-
Loans to customers and accrued interest receivables	-	-	20,804,322,500	16,013,090,278	-	-
Financial liabilities						
Deposits	23,748,950,142	21,423,525,242	1,004,076,900	-	-	-
Due to Head Office and other branch	99,449,100,000	17,322,500,000	-	-	-	-

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/ As at August 31, 2022 (date of discontinued branch banking operation) LAK	Fair value As at December 31, 2021 LAK
Financial assets		
Cash on hand	-	1,715,018,344
Interbank and money market items	117,553,761	139,753,213,682
Due from other branch	103,740,852,674	82,994,054,536
Statutory deposits	8,390,110	1,453,125,656
Loans to customers and accrued interest receivables, net	-	36,375,968,778
Financial liabilities		
Deposits	-	46,176,552,284
Due to Head Office and other branch	6,058,200	116,771,600,000

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 period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation) and for the year ended December 31, 2021 are as follows:

	For the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation) LAK	For the year ended December 31, 2021 LAK
Interest income		
Interest income from interbank	1,283,202,284	3,627,033,097
Interest income from customers	755,829,172	1,147,523,425
	<u>2,039,031,456</u>	<u>4,774,556,522</u>
Interest expenses		
Interest expenses for interbank	(218,587,491)	(286,485,047)
Interest expenses for customers	(203,670,298)	(790,423,307)
	<u>(422,257,789)</u>	<u>(1,076,908,354)</u>
Net interest income	<u>1,616,773,667</u>	<u>3,697,648,168</u>

6. NET FEES AND SERVICE INCOME

Net fees and service income for the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation) and for the year ended December 31, 2021 are as follows:

	For the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation) LAK	For the year ended December 31, 2021 LAK
Fees and service income	56,077,876	195,018,927
Fees and service expenses	(19,752,239)	(27,094,879)
Net fees and service income	<u>36,325,637</u>	<u>167,924,048</u>

7. EMPLOYEE'S EXPENSES

Employee's expenses for the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation) and for the year ended December 31, 2021 are as follows:

	For the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation) LAK	For the year ended December 31, 2021 LAK
Wages and salaries	400,964,879	686,793,843
Bonuses	-	99,999,996
Severance pay	-	389,940,544
Other benefits	264,663,923	323,318,348
	<u>665,628,802</u>	<u>1,500,052,731</u>

8. DEPRECIATION AND AMORTIZATION EXPENSES

Depreciation and amortization expenses for the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation) and for the year ended December 31, 2021 are as follows:

	For the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation) LAK	For the year ended December 31, 2021 LAK
Depreciation of property and equipment	-	837,381,691
Amortization of computer software	-	25,317,222
	<u>-</u>	<u>862,698,913</u>

9. IMPAIRMENT LOSS OF LOANS EXPENSES/(REVERSAL)

Impairment loss of loans expenses/ (reversal) for the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation) and for the year ended December 31, 2021 are as follows:

	For the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation) LAK	For the year ended December 31, 2021 LAK
Loans to customers	(482,489,400)	378,866,640
	<u>(482,489,400)</u>	<u>378,866,640</u>

10. TAX PAYABLE AND INCOME TAX EXPENSES

Income tax expenses for the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation) and for the year ended December 31, 2021 are as follows:

	For the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation) LAK	For the year ended December 31, 2021 LAK
Current tax expenses for the period/year	314,601,242	514,859,275
Net deferred tax expenses for the period/year	-	-
	<u>314,601,242</u>	<u>514,859,275</u>

Tax payable as at August 31, 2022 (date of discontinued branch banking operation) and December 31, 2021 are as follows:

	As at August 31, 2022 (date of discontinued branch banking operation) LAK	As at December 31, 2021 LAK
Tax payable at the beginning of the period/year	176,597,324	-
Income tax expenses for the period/year	314,601,242	514,859,275
Income tax paid during the period/year	<u>(491,198,566)</u>	<u>(338,261,951)</u>
Tax payable at the end of the period/year	<u>-</u>	<u>176,597,324</u>

During the year ended December 31, 2021, the Branch paid additional income tax in advance in the amount of LAK 605,933,936.

Reconciliation of effective tax rate

	For the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation) LAK	For the year ended December 31, 2021 LAK
Profit before income tax expenses	1,635,917,342	2,188,739,641
Income tax at the domestic tax rate (20%)	327,183,468	437,747,928
Tax effect of income and expenses that are no taxable and not deductible for tax purposes	(12,582,226)	77,111,347
Income tax expenses as per statement of profit or loss and other comprehensive income	<u>314,601,242</u>	<u>514,859,275</u>
Effective tax rate	19.23%	23.52%

11. CASH ON HAND

Cash on hand as at August 31, 2022 (date of discontinued branch banking operation) and December 31, 2021 consists of the following:

	As at August 31, 2022 (date of discontinued branch banking operation) LAK	As at December 31, 2021 LAK
Cash on hand in LAK	-	823,883,000
Cash on hand in USD	-	332,162,521
Cash on hand in THB	-	558,972,823
	<u>-</u>	<u>1,715,018,344</u>

12. INTERBANK AND MONEY MARKET ITEMS (ASSETS)

Interbank and money market items (assets) as at August 31, 2022 (date of discontinued branch banking operation) and December 31, 2021 consist of the following:

	As at August 31, 2022 (date of discontinued branch banking operation) LAK	As at December 31, 2021 LAK
Demand deposits at Bank of the Lao PDR	117,553,761	108,720,880,398
Time deposits at other banks	-	30,000,000,000
Accrued interest receivables	-	1,032,333,284
	<u>117,553,761</u>	<u>139,753,213,682</u>

13. STATUTORY DEPOSITS

Statutory deposits as at August 31, 2022 (date of discontinued branch banking operation) and December 31, 2021 consist of the following:

	As at August 31, 2022 (date of discontinued branch banking operation) LAK	As at December 31, 2021 LAK
Customer deposits	3,390,110	1,448,125,656
Branch capital	<u>5,000,000</u>	<u>5,000,000</u>
	<u>8,390,110</u>	<u>1,453,125,656</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 August 31, 2022 (date of discontinued branch banking operation) and December 31, 2021 consist of the following:

	As at August 31, 2022 (date of discontinued branch banking operation) LAK	As at December 31, 2021 LAK
Loans to customers	-	36,787,000,000
Accrued interest receivables	-	30,412,778
	-	36,817,412,778
<u>Less</u> Allowance for doubtful accounts	-	(441,444,000)
Loans to customers and accrued interest receivables, net	-	36,375,968,778

14.1 Loan to customers are classified as follows:

14.1.1 Classified by product type as at August 31, 2022 (date of discontinued branch banking operation) and December 31, 2021 are as follows:

	As at August 31, 2022 (date of discontinued branch banking operation) LAK	As at December 31, 2021 LAK
Loans	-	36,787,000,000
	-	36,787,000,000

14.1.2 Classified by currency as at August 31, 2022 (date of discontinued branch banking operation) and December 31, 2021 are as follows:

	As at August 31, 2022 (date of discontinued branch banking operation) LAK	As at December 31, 2021 LAK
LAK	-	16,000,000,000
THB	-	20,787,000,000
	-	36,787,000,000

14.1.3 Classified by performance as at August 31, 2022 (date of discontinued branch banking operation) and December 31, 2021 are as follows:

	As at August 31, 2022 (date of discontinued branch banking operation) LAK	As at December 31, 2021 LAK
Performing loans	-	36,787,000,000
Non-performing loans	-	-
	<u>-</u>	<u>36,787,000,000</u>

14.2 Allowance for doubtful accounts

Allowance for doubtful accounts as at August 31, 2022 (date of discontinued branch banking operation) and December 31, 2021 consist of the following:

	As at August 31, 2022 (date of discontinued branch banking operation) LAK	As at December 31, 2021 LAK
Beginning balance	441,444,000	68,850,540
Doubtful accounts during the period/year (reversal)	(482,489,400)	378,866,640
Foreign exchange translation difference	41,045,400	(6,273,180)
Ending balance	<u>-</u>	<u>441,444,000</u>

The breakdown of loan classification and allowance for doubtful accounts as at August 31, 2022 (date of discontinued branch banking operation) and December 31, 2021 are as follows:

	As at August 31, 2022 (date of discontinued branch banking operation)		As at December 31, 2021	
	Loan balance	Allowance for doubtful accounts	Loan balance	Allowance for doubtful accounts
	LAK	LAK	LAK	LAK
Performing loans				
Normal	-	-	36,787,000,000	441,444,000
Special mentioned	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>36,787,000,000</u>	<u>441,444,000</u>
Non-performing loans				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>36,787,000,000</u>	<u>441,444,000</u>

15. ASSETS HELD FOR SALE

15.1 Property and equipment held for sale as at August 31, 2022 (date of discontinued branch banking operation) and December 31, 2021 consist of the following:

As at August 31, 2022 (date of discontinued branch banking operation)

	Balances as at January 1, 2022	Additions	Disposals	Balances as at August 31, 2022 (date of discontinued branch banking operation)
	LAK	LAK	LAK	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	764,183,385	-	(764,183,385)	-
Total cost	8,391,873,162	-	(8,391,873,162)	-
Accumulated depreciation				
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	(4,341,163,629)	-	4,341,163,629	-
Less Allowance for impairment	-	(2,128,501,240)	2,128,501,240	-
Property and equipment held for sale	4,050,709,533			-

As at December 31, 2021

	Balances as at January 1, 2021	Additions	Disposals	Transfer from property and equipment	Balances as at December 31, 2021
	LAK	LAK	LAK	LAK	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	-	-	-	764,183,385	764,183,385
Total cost	-	-	-	8,391,873,162	8,391,873,162
Accumulated depreciation					
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	-	-	-	(4,341,163,629)	(4,341,163,629)
Property and equipment held for sale	-				4,050,709,533

15.2 Intangible assets held for sale as at August 31, 2022 (date of discontinued branch banking operation) and December 31, 2021 consist of the following:

As at August 31, 2022 (date of discontinued branch banking operation)

	Balances as at January 1, 2022	Additions	Disposals	Balances as at August 31, 2022 (date of Discontinued branch banking operation)
	LAK	LAK	LAK	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	-
Less Allowance for impairment	-	(53,790,427)	53,790,427	-
Intangible assets held for sale	101,199,527			-

As at December 31, 2021

	Balances as at January 1, 2021	Additions	Disposals	Transfer from intangible assets	Balances as at December 31, 2021
	LAK	LAK	LAK	LAK	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)
Intangible assets held for sale	-				101,199,527

16. OTHER ASSETS

Other assets as at August 31, 2022 (date of discontinued branch banking operation) and December 31, 2021 consist of the following:

	As at August 31, 2022 (date of discontinued branch banking operation) LAK	As at December 31, 2021 LAK
Prepaid expenses	-	16,917,280
Others	-	12,646,385
	<u>-</u>	<u>29,563,665</u>

17. DEPOSITS

Deposits as at August 31, 2022 (date of discontinued branch banking operation) and December 31, 2021 consist of the following:

	As at August 31, 2022 (date of discontinued branch banking operation) LAK	As at December 31, 2021 LAK
Demand deposits		
Current deposits	-	19,370,311,318
Savings deposits	-	4,255,622,288
Total	<u>-</u>	<u>23,625,933,606</u>
Time deposits		
Fixed deposits	-	22,550,618,678
Total	<u>-</u>	<u>22,550,618,678</u>
	<u>-</u>	<u>46,176,552,284</u>

Deposits classified by currency as at August 31, 2022 (date of discontinued branch banking operation) and December 31, 2021 are as follows:

	As at August 31, 2022 (date of discontinued branch banking operation) LAK	As at December 31, 2021 LAK
LAK	-	18,712,366,863
USD	-	23,470,597,260
THB	-	3,993,588,161
	<u>-</u>	<u>46,176,552,284</u>

18. OTHER LIABILITIES

Other liabilities as at August 31, 2022 (date of discontinued branch banking operation) and December 31, 2021 consist of the following:

	As at August 31, 2022 (date of discontinued branch banking operation) LAK	As at December 31, 2021 LAK
Accrued interest payables		
Deposits	-	281,119,348
Due to other branch	-	75,573,560
Accrued expenses	-	256,859,109
Other payable	199,999,972	5,189,279
	<u>199,999,972</u>	<u>618,741,296</u>

19. 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.

20. RELATED PARTY BALANCES AND TRANSACTIONS

Related party balances as at August 31, 2022 (date of discontinued branch banking operation) and December 31, 2021 consist of the followings:

	As at August 31, 2022 (date of discontinued branch banking operation) LAK	As at December 31, 2021 LAK
Due from other branch		
Deposits	103,740,852,674	82,460,760,758
Accrued interest receivables	-	533,293,778
	<u>103,740,852,674</u>	<u>82,994,054,536</u>
Due to Head Office and other branch		
Deposits	6,058,200	20,787,000,000
Other payables	-	95,984,600,000
	<u>6,058,200</u>	<u>116,771,600,000</u>
Due to Head Office and other branch		
Due to Head Office	-	95,984,600,000
Due to other branch	6,058,200	20,787,000,000
	<u>6,058,200</u>	<u>116,771,600,000</u>

Deposits due from other branch as at August 31, 2022 (date of discontinued branch banking operation) and December 31, 2021 are classified as follows:

	As at August 31, 2022 (date of discontinued branch banking operation) LAK	As at December 31, 2021 LAK
a) By type:		
Demand deposits	103,740,852,674	25,138,760,758
Time deposits	-	57,322,000,000
	<u>103,740,852,674</u>	<u>82,460,760,758</u>
b) By currencies:		
LAK	103,740,852,674	40,030,213,758
USD	-	23,257,731,320
THB	-	19,172,815,680
	<u>103,740,852,674</u>	<u>82,460,760,758</u>

Interest rates on deposits due from other branch for the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation) and for the year ended December 31, 2021 are 2.00% - 5.50% per annum and 2.00% - 5.50% per annum, respectively.

Due to Head Office and other branch as at August 31, 2022 (date of discontinued branch banking operation) and December 31, 2021 are classified as follows:

	As at August 31, 2022 (date of discontinued branch banking operation) LAK	As at December 31, 2021 LAK
a) By type:		
Demand deposits	6,058,200	-
Time deposits	-	20,787,000,000
Other payables	-	95,984,600,000
	<u>6,058,200</u>	<u>116,771,600,000</u>
b) By currencies:		
LAK	-	-
USD	4,621,200	95,984,600,000
THB	1,437,000	20,787,000,000
	<u>6,058,200</u>	<u>116,771,600,000</u>

Interest rates on deposits due to Head Office and other branch for the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation) and for the year ended December 31, 2021 are 3.00% per annum and 3.00% - 3.25% per annum, respectively.

Significant transactions with related parties for the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation) and for the year ended December 31, 2021 are conducted on normal commercial terms as follows:

	For the period from January 1, 2022 to August 31, 2022 (date of discontinued branch banking operation) LAK	For the year ended December 31, 2021 LAK
Interest income		
Other branch	605,535,617	1,014,292,238
Interest expenses		
Other branch	218,587,491	286,485,047