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BIC Bank Lao Co., Ltd.

Financial statements

For the year ended 31 December 2022



BIC Bank Lao Co., Ltd.

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BIC Bank Lao Co., Ltd.

GENERAL INFORMATION

THE BANK

BIC Bank Lao Co., Ltd ("the Bank") is a locally invested commercial bank which was incorporated in Lao People's Democratic Republic ("Lao PDR"). The Bank is owned by Electricite Du Laos ("EDL") (30%) and Asia Investment and Financial Services Co., Ltd. ("AIF") (70%).

The Bank was formerly known as International Commercial Bank Lao Limited ("ICB") which started the business since 2008 under Investment License No 033-08/MOPI, dated 17 March 2008 granted by the Ministry of Planning and Investment and Banking Business License No. 48/BOL, dated 02 October 2008 issued by the Bank of Lao PDR ("the BOL"). ICB was replaced by the Bank through business acquisition on 22 June 2017 and is operating under amended Enterprise License No.0554/ERO, dated 22 June 2017 issued by the Registration and Enterprise Supervision Department, Ministry of Industry and Commerce, and under amended Banking Business License No. 23/BOL, dated 08 November 2017 issued by the BOL.

On 24 December 2021, the Bank has submitted the proposal letter No. 0925/BIC, dated 24 December 2021, to the BOL to increase the capital from LAK 300,000,000,000 to LAK 400,000,000,000 then received the acknowledged letter No. 749/CBSD from the BOL, dated 29 December 2021 from the BOL. As the result, as at 31 December 2022, the actual paid-up capital of the Bank is LAK 400,000,000,000 (31 December 2021: LAK 400,000,000,000).

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

The Bank is located at 127/07, Hatsady Road, Hatsady Tai Village, Chanthabouly District, Vientiane Capital, Lao PDR. As at 31 December 2022, the Bank has two (02) branches and three (3) services units.

BOARD OF DIRECTORS

Member of the Board of Director during the year ended 31 December 2022 and as at the date of this report are as follows:

<i>Name</i>	<i>Title</i>	<i>Date of appointment</i>
Mr. Rithikone Phoummasack Ph.D.	Chairman	Appointed on 28 September 2021
Mr. Chanthaboun Soukaloun	Member	Appointed on 28 September 2021
Mr. Soulivath Souvannachoumksam	Member	Appointed on 28 September 2021
Mrs. Kingphongseun Phoummasack	Member	Re-appointed on 28 September 2021
Mr. Lim Wai Hoong	Member	Re-appointed on 28 September 2021

Chairman and members of Board of Director Appointment have been approved by the BOL on 10 December 2021.

MANAGEMENT COMMITTEE AND NOMINATION AND REMUNERATION COMMITTEE

Members of the Management, Nomination and Remuneration Committee during the year ended 31 December 2022 and as at the date of this report are as follows:

<i>Name</i>	<i>Title</i>	<i>Date of appointment</i>
Mr. Rithikone Phoummasack Ph.D.	Chairman	Appointed on 10 November 2021
Mr. Chanthaboun Soukaloun	Member	Appointed on 10 November 2021
Mr. Soulivath Souvannachoumksam	Member	Appointed on 10 November 2021
Mrs. Kingphongseun Phoummasack	Member	Appointed on 10 November 2021
Mr. Lim Wai Hoong	Member	Appointed on 10 November 2021

BIC Bank Lao Co., Ltd.

GENERAL INFORMATION (continued)

RISK MANAGEMENT COMMITTEE

Members of the Risk Management during the year ended 31 December 2022 and as at the date of this report are as follows:

<i>Name</i>	<i>Title</i>	<i>Date of appointment</i>
Mrs. Kingphongseun Phoummasack	Chairperson	Appointed on 10 November 2021
Mr. Rithikone Phoummasack Ph.D.	Member	Appointed on 10 November 2021
Mr. Soulivath Souvannachoumksam	Member	Appointed on 10 November 2021
Mr. Lim Wai Hoong	Member	Appointed on 10 November 2021

AUDIT COMMITTEE

Members of the Audit Committee during the year ended 31 December 2022 and as at the date of this report are as follows:

<i>Name</i>	<i>Title</i>	<i>Date of appointment</i>
Mr. Soulivath Souvannachoumksam	Chairman	Appointed on 10 November 2021
Mrs. Kingphongseun Phoummasack	Member	Appointed on 10 November 2021
Mr. Rithikone Phoummasack Ph.D.	Member	Appointed on 10 November 2021
Mr. Lim Wai Hoong	Member	Appointed on 10 November 2021

MANAGEMENT

Members of the Management during the year ended 31 December 2022 and as at the date of this report are as follows:

<i>Name</i>	<i>Title</i>	<i>Date of appointment</i>
Mr. Lim Wai Hoong	Chief Executive Officer	Appointed on 1 April 2019
Mr. Felix Desmond Francis	General Manager	Appointed on 19 March 2019

LEGAL REPRESENTATIVE

The legal representative of the Bank as the date of this report is Mr. Lim Wai Hoong – Chief Executive Officer.

AUDITORS

The auditor of the Bank is Ernst & Young Lao Co., Ltd.

BIC Bank Co., Ltd.

REPORT OF MANAGEMENT

Management of BIC Bank Lao Co., Ltd. ("the Bank") is pleased to present this report and the Bank's financial statements for the year ended 31 December 2022.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management is responsible for the financial statements of each financial year which give a true and fair view of the financial position of the Bank and the result of its operations and its cash flows for the year. In preparing those financial statements, management is required to:

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

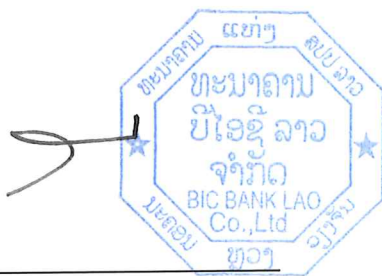
Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Bank and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets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

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

STATEMENT OF THE MANAGEMENT

Management does hereby state that, in its opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the Accounting Law of Lao PDR and the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements.

For and on behalf of Shareholders:



Mr. Lim Wai Hoong
Chief Executive Officer

Vientiane, Lao PDR

24 August 2023

Reference: 11474848/66996188-LAS

INDEPENDENT AUDITORS' REPORT

To: The Owners of BIC Bank Lao Co., Ltd.

Opinion

We have audited the financial statements of BIC Bank Lao Co., Ltd. (the "Bank"), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

Responsibilities of the Bank's Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

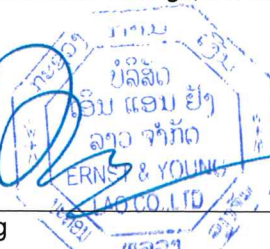
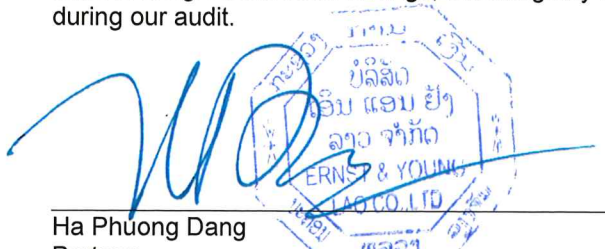
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA 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 ISA, 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 Bank's internal control.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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



Ha Phuong Dang
Partner
Audit Practising Registration
Certificate No. 038/LCPAA-APT-2021

Vientiane, Lao PDR

24 August 2023

BIC Bank Lao Co., Ltd.

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2022

Unit: LAKm

Code	ITEMS	Notes	2022	2021
A.	OPERATING INCOME AND EXPENSES			
1.	Interest and similar income	3	239,965	134,328
1.1	Interest and similar income from interbank transactions		74	8,540
1.2	Interest and similar income from loans to customers		239,891	125,788
2.	Interest and similar expense	3	(197,290)	(110,746)
2.1	Interest and similar expense for interbank transactions		(53,060)	(6,869)
2.2	Interest and similar expense for customers deposits		(144,230)	(103,877)
I.	NET INTEREST AND SIMILAR INCOME		42,675	23,582
3	Fee and commission income	4	34,763	10,717
4	Fee and commission expense	4	(4,158)	(7,250)
5	Net gain from dealing in foreign currencies	5	30,107	14,335
II.	NET OPERATING INCOME		103,387	41,384
B	OTHER INCOME AND EXPENSES			
6	Other operating income	6	6,125	43,831
7	Administration expenses		(34,333)	(26,448)
7.1	Payroll and other staff costs	7	(14,402)	(13,056)
7.2	Other administration expenses	8	(19,931)	(13,392)
8	Depreciation and amortization charges	15	(4,709)	(4,651)
9	Other operating expenses	9	(15,525)	(2,020)
10	Specific provision for non-performing loans	14.2	(40,499)	(38,857)
III.	TOTAL PROFIT BEFORE TAX		14,446	13,239
11	Current income tax		-	-
12	Deferred tax expense	21.4	(535)	-
IV.	PROFIT AFTER TAX		13,911	13,239

Prepared by:



Ms. Niphaphone Pholsyna
Assistant Manager - Finance

Vientiane, Lao PDR

24 August 2023

Approved by:



Mr. Lim Wai Hoong
Chief Executive Officer

BIC Bank Lao Co., Ltd.

STATEMENT OF FINANCIAL POSITION As at 31 December 2022

Unit: LAKm

Code	ASSETS	Notes	31/12/2022	31/12/2021
I	Cash and balances with the BOL		717,665	908,827
1	Cash on hand	10	47,794	19,578
2	Balances with the BOL	11	669,871	889,249
II	Due from other banks		110,270	358,611
1	Demand deposits	12.1	60,270	64,969
2	Term deposits	12.2	50,000	293,642
III	Investment in a joint venture	13	1,700	1,190
IV	Loans to customers, net of specific provision	14	4,737,474	2,062,196
V	Fixed assets and Right-of-use assets		124,994	96,066
1	Intangible fixed assets	15.1	45,337	46,747
2	Tangible fixed assets and right-of-use assets	15.2	9,165	10,047
3	Construction in progress	15.3	70,492	39,272
VI	Other assets		844,498	252,898
1	Accrued interest receivable	16	13,087	6,210
2	Other assets	17	823,178	244,242
3	Tax receivable	21	2,648	2,446
4	Deferred tax assets	21.4	5,585	-
	TOTAL ASSETS		6,536,601	3,679,788

BIC Bank Lao Co., Ltd.

STATEMENT OF FINANCIAL POSITION (continued) As at 31 December 2022

Unit: LAKm

Code	LIABILITIES AND CAPITAL	Notes	31/12/2022	31/12/2021
I	Due to other banks	18	2,033,787	574,242
1	Demand deposits		66,506	160,454
2	Term deposits		1,930,961	377,468
3	Borrowings		36,320	36,320
II	Due to customers	19	3,884,647	2,604,919
1	Demand and daily deposits		733,319	421,841
2	Saving deposits		301,834	205,073
3	Margin deposits		66	7,967
4	Term deposits		2,849,428	1,970,038
III	Other liabilities		138,666	48,125
1	Accrued interest payable	20	104,356	43,833
2	Tax payable	21	536	-
3	Deferred tax liabilities	21	6,120	-
4	Other payables	22	27,654	4,292
	TOTAL LIABILITIES		6,057,100	3,227,286
IV	Capital and reserves		479,501	452,502
1	Paid-up capital	23	400,000	400,000
2	Legal reserve		13,656	12,265
3	Business expansion fund		8,949	8,949
4	General provision	14.2	22,354	9,266
5	Retained earnings		34,542	22,022
	TOTAL CAPITAL		479,501	452,502
	TOTAL LIABILITIES AND CAPITAL		6,536,601	3,679,788

BIC Bank Lao Co., Ltd.

STATEMENT OF FINANCIAL POSITION (continued) As at 31 December 2022

Unit: LAKm

Code	OFF BALANCE SHEET ITEMS	Notes	31/12/2022	31/12/2021
I	Commitments given			
A	Commitments for financing given		71,793	35,041
1	Commitments for financing given to customers		71,793	35,041
B	Commitments for guarantees given		524,668	266,817
1	Commitments for guarantees given to customers		524,668	266,817
	TOTAL COMMITMENTS GIVEN		596,461	301,858
II	Collaterals and Mortgages			
A	Collaterals and Mortgages for loans		6,278,742	4,435,400
1	Collaterals and Mortgages for loans to customers		6,278,742	4,435,400
	TOTAL COLLATERALS AND MORTGAGES		6,278,742	4,435,400

Prepared by:



Ms. Niphaphone Pholsyna
Assistant Manager - Finance

Vientiane, Lao PDR

24 August 2023

Approved by:



Mr. Lim Wai Hoong
Chief Executive Officer

BIC Bank Lao Bank Co., Ltd

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2022

Unit: LAKm

ITEMS	Paid-up capital	Legal reserve	Business expansion fund	General Provision (Note 14.2)	Retained earnings	Total
Balance as at 31 December 2021	400,000	12,265	8,949	9,266	22,022	452,502
Capital injection	-	-	-	-	-	-
Net profit for the year	-	-	-	-	13,911	13,911
Transfer to legal reserve	-	1,391	-	-	(1,391)	-
Transfer to business expansion fund	-	-	-	-	-	-
Net provision charge during the year	-	-	-	8,702	-	8,702
Foreign exchange difference	-	-	-	4,386	-	4,386
Balance as at 31 December 2022	400,000	13,656	8,949	22,354	34,542	479,501

BIC Bank Lao Bank Co., Ltd

STATEMENT OF CHANGES IN EQUITY (continued) For the year ended 31 December 2022

Unit: LAKm

ITEMS	Paid-up capital	Legal reserve	Business expansion fund	General Provision (Note 14.2)	Retained earnings	Total
Balance as at 31 December 2020	300,000	10,942	-	7,239	19,055	337,236
Capital injection	100,000	-	-	-	-	100,000
Net profit for the year	-	-	-	-	13,239	13,239
Transfer to legal reserve	-	1,323	-	-	(1,323)	-
Transfer to business expansion fund	-	-	8,949	-	(8,949)	-
Net provision charge during the year	-	-	-	1,014	-	1,014
Foreign exchange difference	-	-	-	1,013	-	1,013
Balance as at 31 December 2021	400,000	12,265	8,949	9,266	22,022	452,502

Prepared by:

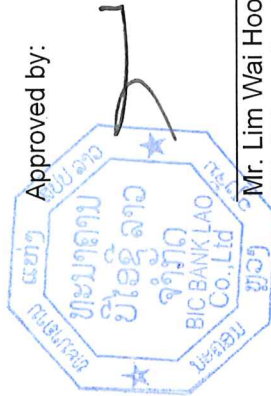


Ms. Niphaphone Pholsyna
Assistant Manager - Finance

Vientiane, Lao PDR

24 August 2023

Approved by:



Mr. Lim Wai Hoong
Chief Executive Officer

BIC Bank Lao Co., Ltd

STATEMENT OF CASH FLOWS for the year ended 31 December 2022

Unit: LAKm

ITEMS	Notes	2022	2021
OPERATING ACTIVITIES			
Total profit before tax		14,446	13,239
<i>Adjustments for:</i>			
Depreciation and amortization charges	15	4,709	4,651
Net provision for credit loss	14.2	48,244	38,189
Tangible fixed assets write off		22	4
Interest income	3	(239,965)	(134,328)
Interest expense	3	197,290	110,746
Net profit before changing in operating assets and liabilities		24,746	32,501
(Increase)/Decrease in operating assets			
Due from other banks		216,064	118,796
Statutory deposit		(33,647)	(64,371)
Loans and advances to customers		(2,710,434)	(447,777)
Other assets		(578,938)	(33,596)
Increase/(Decrease) in operating liabilities			
Due to other banks		1,459,545	468,610
Customer deposits and other amounts due to customers		1,279,729	508,909
Profit tax paid during the year	21.2	(202)	(4,217)
Interest received		233,088	131,296
Interest paid		(136,765)	(94,488)
Other liabilities		23,896	(2,970)
Net cash flows from operating activities		(222,918)	612,693
INVESTING ACTIVITIES			
Payments to acquire property and equipment		(2,439)	(1,407)
Investment in a joint venture		(510)	(334)
Payment for construction in progress		(31,220)	(16,665)
Net cash flows used in investing activities		(34,169)	(18,406)
FINANCING ACTIVITIES			
Capital injection		-	100,000
Net cash flows from financing activities		-	100,000
Net change in cash and cash equivalents		(257,087)	694,287
Cash and cash equivalents at the beginning of the year		981,094	286,807
Cash and cash equivalents at the end of the year	24	724,007	981,094

Prepared by:



Ms. Niphaphone Pholsyna
Asistant Manager - Finance

Approved by:



Mr. Lim Wai Hoong
Chief Executive Officer

Vientiane, Lao PDR

24 August 2023

Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS as at and for the year ended 31 December 2022

1. THE BANK INFORMATION

Establishment and operations

BIC Bank Lao Co., Ltd. ("the Bank") is a locally invested commercial bank which was incorporated in Lao People's Democratic Republic ("Lao PDR"). The Bank is 100% owned by Electricite Du Laos ("EDL") and Asia Investment and Financial Services Co., Ltd. ("AIF") whereby its shares in the Bank to EDL (30%) and AIF (70%).

The Bank was formerly known as International Commercial Bank Lao Limited ("ICB") which started the business since 2008 under Investment License No. 033-08/MOPI, dated 17 March 2008 granted by the Ministry of Planning and Investment and Banking Business License No. 48/BOL, dated 02 October 2008 issued by the Bank of Lao PDR ("the BOL"). ICB was replaced by the Bank through business acquisition on 22 June 2017 and is operating under amended Enterprise License No.0554/ERO, dated 22 June 2017 issued by the Registration and Enterprise Supervision Department, Ministry of Industry and Commerce, and under amended Banking Business License No. 23/BOL, dated 08 November 2017 issued by the BOL.

On 24 December 2021, the Bank has submitted the proposal letter No 0925/BIC to the BOL to increase the capital from LAK 300,000,000,000 to LAK 400,000,000,000 then received the acknowledged letter No. 747/CBSD from the BOL dated 29 December 2021. As the result, as at 31 December 2022, the actual paid-up capital of the Bank is LAK 400,000,000,000 (31 December 2021: LAK 400,000,000,000).

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

Paid-up capital

As at 31 December 2022, the actual paid-up capital of the Bank is LAK 400,000,000,000 (31 December 2021: LAK 400,000,000,000)

Board of Directors

Chairman and member of the Board of Director during the year ended 31 December 2022 and as at the date of this financial statement are as follows:

<i>Name</i>	<i>Title</i>	<i>Date of appointment</i>
Mr. Rithikone Phoummasack Ph.D.	Chairman	Appointed on 28 September 2021
Mr. Chanthaboun Soukaloun	Member	Appointed on 28 September 2021
Mr. Soulivath Souvannachoumklam	Member	Appointed on 28 September 2021
Mrs. Kingphongseun Phoummasack	Member	Re-appointed on 28 September 2021
Mr. Lim Wai Hoong	Member	Re-appointed on 28 September 2021

Members of Board of Director Appointment have been approved by the BOL on 10 December 2021.

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued) as at and for the year ended 31 December 2022

1. THE BANK INFORMATION (continued)

Management Committee or Nomination and Remuneration Committee

Members of the Management, Nomination and Remuneration Committee during the year ended 31 December 2022 and as at the date of this financial statement are as follows:

<i>Name</i>	<i>Title</i>	<i>Date of appointment</i>
Mr. Rithikone Phoummasack Ph.D.	Chairman	Appointed on 10 November 2021
Mr. Chanthaboun Soukaloun	Member	Appointed on 10 November 2021
Mr. Soulivath Souvannachoumksam	Member	Appointed on 10 November 2021
Mrs. Kingphongseun Phoummasack	Member	Appointed on 10 November 2021
Mr. Lim Wai Hoong	Member	Appointed on 10 November 2021

Risk Management Committee

Members of the Risk Management during the year ended 31 December 2022 and as at the date of this financial statement are as follows:

<i>Name</i>	<i>Title</i>	<i>Date of appointment</i>
Mrs. Kingphongseun Phoummasack	Chairperson	Appointed on 10 November 2021
Mr. Rithikone Phoummasack Ph.D.	Member	Appointed on 10 November 2021
Mr. Soulivath Souvannachoumksam	Member	Appointed on 10 November 2021
Mr. Lim Wai Hoong	Member	Appointed on 10 November 2021

Audit Committee

Member of the Audit Committee during the year ended 31 December 2022 and as at the date of this financial statement are as follows:

<i>Name</i>	<i>Title</i>	<i>Date of appointment</i>
Mr. Soulivath Souvannachoumksam	Chairman	Appointed on 10 November 2021
Mrs. Kingphongseun Phoummasack	Member	Appointed on 10 November 2021
Mr. Rithikone Phoummasack Ph.D.	Member	Appointed on 10 November 2021
Mr. Lim Wai Hoong	Member	Appointed on 10 November 2021

The Risk Management, Nomination and Remuneration Committee and the Audit Committee has been appointed by Board of Director's Chairman on 10 November 2021.

MANAGEMENT

Members of the Management during the year ended 31 December 2022 and as at the date of this financial statement are as follows:

<i>Name</i>	<i>Title</i>	<i>Date of appointment</i>
Mr. Lim Wai Hoong	Chief Executive Officer	Appointed on 1 April 2019
Mr. Felix Desmond Francis	General Manager	Appointed on 19 March 2019

Location and network

The Bank is located at 127/07, Hatsady Road, Hatsady Tai Village, Chanthabouly District, Vientiane Capital, Lao PDR. As at 31 December 2022, the Bank has two (02) branches and three (3) services units.

Employees

Total employees of the Bank as at 31 December 2022 were 101 people (2021: 96).

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Statement of compliance*

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

2.2 *Basis of preparation*

The Bank maintains its accounting records in Lao Kip ("LAK") and prepares its financial statements in millions of Lao Kip ("LAKm") in accordance with Decree No. 02/PR by the Prime Minister of Lao PDR, dated 22 March 2000 and the Accounting Law Lao PDR and Decision No. 397/BOL, dated 27 May 2022 by the Bank of Lao PDR and the regulations stipulated by the Bank of Lao PDR relevant to preparation and presentation of financial statements ("LAS").

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

Fiscal year

The Bank's fiscal years applicable for the preparation of its financial statements start on 1 January and end on 31 December.

2.3 *Changes in accounting policies*

The accounting policies adopted by the Bank in preparation of these financial statements are consistent with those used in preparation of the Bank's financial statements for the year ended 31 December 2021

2.4 *Recognition of interest income and expense*

Interest income and expense are recognized in the statement of comprehensive income on accrual basis using straight-line method and the interest rates stipulated in the lending/depositing contracts with customers.

The recognition of accrued interest income is suspended when the loans becoming non-performing (See Note 2.8 for the definition of non-performing loans) or when management believes that the borrower has no ability to repay the interest and principal. Interest income on such loans is only recorded in the statement of comprehensive income upon actually received.

2.5 *Recognition of fee and commission*

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

Fee and commissions are recognized into statement of comprehensive income on cash basis.

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Cash and cash equivalents

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

2.7 Loans to customers

Loans to customers are recognized at cost and presented at outstanding balance less specific provision.

2.8 Classification of and provision for credit activities

Loan classification

In accordance with Regulation 512/BOL ("BOL512"), dated 29 June 2018 and Instruction No. 898/CBSD ("OL898"), dated 14 November 2018, the Bank has classified loans into 5 groups based on the payment arrears status and other qualitative factors. Loans classified as either Normal or Pass (Group A) or Watch List or Special Mention (Group B) are considered as Performing loans. Loans classified as either Substandard (Group C) or Doubtful (Group D) or Loss (Group E) are considered as Non-performing loans ("NPL").

The Bank also applies the Regulation 238/BOL, dated 26 March 2020, Guidance 249/BOL, dated 11 May 2020 and the extension Notice 254/CAD, dated 5 May 2021 by the BOL on loan restructuring, extension and retention of loan classification group to assist the borrowers affected by Covid-19 pandemic. Accordingly, the Bank has restructured the loans qualified and retained their classification groups.

Provision

In accordance with BOL512 and OL898, the Bank creates provision for loans based on their classification groups as follows:

Group	Provision rate	Provision type (i)	Accounting for provision balance (ii)	Accounting for changes in provision balance (iii)
<i>Performing loans</i>				
A	0.5%	General	In equity	Other operating expense/ income
B	3.0%	Specific	Deducted to loan balance	Other operating expense/ income
<i>Non-performing loans</i>				
C	20.0%	Specific	Deducted to loan balance	Net provision for NPL
D	50.0%	Specific	Deducted to loan balance	Net provision for NPL
E	100.0%	Specific	Deducted to loan balance	Net provision for NPL

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Classification of and provision for credit activities (continued)

- (i) Provision amount is calculated by the following formulas:
- a. General provision = Provision rate x Loan outstanding balance
 - b. Specific provision = Provision rate x (Loan outstanding balance – discounted value of collateral)
where the Bank has opted to include the discounted value of collateral in the provision calculation as allowed by BOL512 and OL898.
- (ii) The balance of provision for *loans classified into Group A* is recorded in the statement of financial position in “General provision” under capital and reserves of the Bank.
- Accumulated balance of provision for loans classified into Group B and NPL is recorded in the statement of financial position in “Loans to customers, net of specific provision”.
- (iii) Changes in provision for *performing loans* are recorded to the statement of comprehensive income as “Other operating expenses” for provision expense and “Other operating income” for reversal of provision expense.
- Changes in provision for *NPLs* are recorded to the statement of comprehensive income as “Net provision for NPLs charged to/(reversed out of) expense”.

2.9 Investment in joint venture

The Bank’s investment in joint venture are recognized at cost and subsequently reflected at cost in the statement of financial position. Dividend and income transferred from the associates are recognized in the statement of comprehensive income as “Net gain from equity investment”.

The investment in Lao National Payment Network Company Limited were made initially in Lao Kip (“LAK”).

2.10 Fixed assets

Fixed asset includes tangible fixed assets and intangible fixed assets. Tangible fixed assets consist of building improvements, office equipment, motor vehicles, machines and IT equipment and furniture and fixtures. Intangible fixed asset includes software, land use rights and other intangible fixed assets.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Depreciation and amortization

Depreciation and amortization of fixed assets are provided on the straight-line basis at prescribed rates over their estimated useful life in accordance with the Income Tax Law No.67/NA, dated 18 June 2019 which is effective on or after 1 January 2020 stipulated by the President of the National Assembly. The followings are the annual rates used.

Building & improvements	10%
Land use rights with indefinite life	No amortization
Other intangible fixed assets	20%
Motor vehicles	20%
Office equipment	20%
Furniture and fixtures	20%
Software	20%

2.12 Leasing

2.12.1 Right-of-use assets

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease arrangement based on whether the contract that conveys to the user (the lessee) the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and services transactions, the consideration is allocated to each of these lease and non-lease components on conclusion and on each subsequent re-measurement of the contract on the basis of their relative stand-alone selling prices. The Bank combines lease and non-lease components, in cases where splitting the non-lease component is not possible.

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease term includes periods covered by an option to extend if the Bank is reasonably certain to exercise that option. Unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment assessment.

2.12.2 Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating a lease, if the lease term reflects the Bank exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Leasing (continued)

In calculating the present value of lease payments, the Bank uses its fixed deposit rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

2.12.3 Short-term leases and leases of low-value assets

The Bank applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.12.4 Significant judgement in determining the lease term of contracts with renewal options

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Bank applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Bank included the renewal period as part of the lease term for leases of premises the significance of these assets to its operations.

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

The Bank as a lessee

Leases, where all the risks and benefits of ownership of the leased items are not transferred substantially to the Bank are operating leases. Operating lease payments are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Contingent rental payable is recognized as an expense in the period in which they are incurred.

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Legal Reserves

Under the requirement of the Amended Law on Commercial Banks No 56/NA dated 7 December 2018, commercial banks are required to appropriate net profit to following reserves:

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

In accordance with Article 156, Enterprise Law dated 26 December 2013, the Bank is required to appropriate 10% of profit after tax each year into legal reserve fund. When this reserve fund reaches 50% of the registered capital, the Bank may suspend such reserve, unless otherwise provided by the laws.

Accordingly, the Bank has made the following reserves for the year ended 31 December 2022:

Reserve	% of profit after tax (less accumulated losses, if any)
Legal reserve	10

The Business expansion fund and other funds shall be created upon decision of the Board of Directors.

2.14. Foreign currency transactions

The Bank maintains its accounting system and records all transactions in original currencies. Income and expenses arising in foreign currencies during the year are converted into LAK daily at spot rate. Monetary assets and liabilities denominated in foreign currencies at year end are translated into LAK at exchange rates ruling on the statement of financial position date (see the list of exchange rates of applicable foreign currencies against LAK on 31 December 2022 as presented below). Foreign exchange differences arising from the translation of monetary assets and liabilities on the statement of financial position date are recognized into "Net gain from dealing in foreign currencies" in the statement of comprehensive income.

	31/12/2022 LAK	31/12/2021 LAK
United State Dollar ("USD")	17,217.00	11,160.00
Thai Bath ("THB")	498.17	332.07
Euro ("EUR")	18,284.00	12,636.00

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15. Profit tax

Current tax

Provision is made for profit tax on the current year's profits, based on the Tax Law governing taxation within Lao PDR. The Bank is obliged to pay profit tax at rate of 20% of total profit before tax for the year ended 31 December 2022 (2021: 20%) in accordance with the new Income Tax Law No.67/NA, dated 18 June 2019 which is effective on or after 1 January 2020. The Bank's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations in many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

Deferred tax

Deferred tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

Current and deferred taxes are recognized as income tax benefits or expenses in the statement of comprehensive income.

The Bank only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Bank's intention to settle on a net basis.

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16. Employee benefit

Post-employment benefits

Post-employment benefits are paid to retired employees of the Bank by the Social Security Fund Department which belongs to the Ministry of Labor and Social Welfare. The Bank is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at an amount equivalent to 6% of employee's basic salary on a monthly basis (maximum SSO threshold is LAK 4,500,000). The Bank has no further obligation concerning post-employment benefits for its employees other than this.

Termination benefits

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

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

For the termination of an employment contract on any of the above-mentioned grounds, the employer must pay a termination allowance which is calculated on the basis of 10% of the basic monthly salary earned before the termination of work for the worker who has worked for less than three years. For workers who have worked for more than three years, the basis of calculation shall be 15%. As at 31 December 2022, there are no employees of the Bank who were dismissed under the above-mentioned grounds; therefore the Bank has not made a provision for termination allowance in the financial statements.

3. NET INTEREST AND SIMILAR INCOME

	2022 LAKm	2021 LAKm
Interest and similar income from:		
Interest income from interbank transactions	74	8,540
Interest income from loans to customer	239,891	125,788
	239,965	134,328
Interest and similar expense for:		
Interest expense for interbank transactions	(51,808)	(3,440)
Interest expense for borrowing from BOL	(1,252)	(669)
Interest expense for borrowing from other banks	-	(2,760)
Interest expense for customer deposits	(144,230)	(103,877)
	(197,290)	(110,746)
Net interest and similar income	42,675	23,582

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2022

4. NET FEE AND COMMISSION INCOME

	2022 LAKm	2021 LAKm
Fees and commission income from:		
Credit activities	24,373	4,764
Settlement services	3,206	1,348
Other transactions with customers	7,184	4,605
	34,763	10,717
Fees and commission expense for:		
Credit activities	-	(3,800)
Other fees and commissions	(4,158)	(3,450)
	(4,158)	(7,250)
Net fees and commission income	30,605	3,467

5. NET GAIN FROM DEALING IN FOREIGN CURRENCIES

	2022 LAKm	2021 LAKm
Gain from dealing in foreign currencies	75,721	35,510
Loss from dealing in foreign currencies	(45,614)	(21,175)
	30,107	14,335

6. OTHER OPERATING INCOME

	2022 LAKm	2021 LAKm
Reversal of provision for special mention and normal or pass loans (Note 14.2)	1,032	668
Recovery of bad debts written off	2,377	40,053
Others	2,716	3,110
	6,125	43,831

7. PAYROLL AND OTHER STAFF COSTS

	2022 LAKm	2021 LAKm
Salary	13,102	11,858
Allowances	1,235	1,169
Training expense	65	29
	14,402	13,056

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2022

8. OTHER ADMINISTRATION EXPENSES

	2022 LAKm	2021 LAKm
Rental	300	259
External service fee	1,003	1,421
Management expense charged by AIF	11,293	7,356
Fuel	168	96
Travelling	28	15
Marketing, promotion, guest welcoming expenses	375	103
Stationeries and printing	254	160
Insurance	299	263
Post and Telecommunications	1,588	269
Repair and maintenance	4,200	2,942
Electricity and water	208	228
Others	215	280
	19,931	13,392

9. OTHER OPERATING EXPENSES

	2022 LAKm	2021 LAKm
Provision for special mention and normal or pass loans (<i>Note 14.2</i>)	8,702	-
Depository protection fund expenses	2,524	1,771
Others	4,299	249
	15,525	2,020

10. CASH ON HAND

	31/12/2022 LAKm	31/12/2021 LAKm
Cash on hand in LAK	9,091	7,317
Cash on hand in foreign currencies	38,703	12,261
	47,794	19,578

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2022

11. BALANCES WITH THE BOL

	31/12/2022 LAKm	31/12/2021 LAKm
Demand deposit	565,943	718,968
Compulsory reserve (*)	103,923	70,276
Registered capital reserve (**)	5	100,005
	669,871	889,249

Balances with the BOL include demand deposit, compulsory reserve and registered capital reserve. These balances earn no interest.

(*) Under regulations of the BOL, the Bank is required to maintain certain cash reserves with the BOL in the form of compulsory deposits, which are computed at 5.00% for LAK and 5.00% for other currencies (2021: 3.00% and 5.00%), on a bi-monthly basis, of customer deposits having original maturities of less than 12 months. During the year, the Bank maintained its compulsory deposits in compliance with the requirements of the BOL.

(**) According to Decree No. 02/PR of BOL, commercial banks are required to maintain a minimum balance of special deposit at BOL which is equivalent to 25% of their paid-up capital to secure for their operational continuance. The Bank was then approved by the BOL in Official Letter No 418/BSO to withdraw from this deposit account to supplement its working capital.

12. DUE FROM OTHER BANKS

12.1 Demand deposits

	31/12/2022 LAKm	31/12/2021 LAKm
Demand deposits with domestic banks	36,558	14,934
Banque Pour Le Commerce Exterieur Lao Public	36,551	14,931
Joint Development Bank Limited	2	1
Kasikornthai Bank Limited	5	2
Demand deposits with foreign banks	23,712	50,035
Kasikornbank Public Company Limited	17,558	45,261
BIC (Cambodia) Bank Public Company Limited	6,154	4,774
	60,270	64,969

12.2 Term deposits

	31/12/2022 LAKm	31/12/2021 LAKm
Term deposit with foreign banks		
VientianBank Lao Limited (*)	50,000	-
BIC (Cambodia) Bank Public Company Limited	-	293,642
	50,000	293,642

(*) Term deposits denominated in LAK have terms of 2 months and earn interest at rates by 2.8% per annum.

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2022

13. INVESTMENT IN A JOINT VENTURE

	31/12/2022		31/12/2021	
	Book value LAK	Ownership %	Book value LAK	Ownership %
Investment in a joint venture				
Lao National Payment Network Company Limited (*)	1,700,000,000	5%	1,190,000,000	5%
	1,700,000,000		1,190,000,000	

(*) Lao National Payment Network Company Limited (LAPNet) is incorporated in the Lao PDR under the Business License No. 0349 granted by the Department of Enterprise Registration and Management of the Ministry of Industry and Commerce of the Lao PDR on 12 March 2019 and engages in the provision of financial services. It is an association established by Bank of the Lao PDR, Union Pay International, Lao Development Bank, Agriculture Promotion Bank, Joint Development Bank, Banque Pour Le Commerce Extérieur Lao Public, ST Bank, Lao - Viet Bank and the Bank. The registered capital was LAK 34,000,000,000.

According to Notification No. 021/LAPNet, dated 07 February 2022, the Bank have additionally contributed LAK 510,000,000 capital which increased the total contributed capital of the Bank in this company to LAK 1,700,000,000 as at 31 December 2022.

14. LOANS TO CUSTOMERS, NET OF SPECIFIC PROVISION

	31/12/2022 LAKm	31/12/2021 LAKm
Loans to customers	4,747,926	2,107,464
Less specific provision for credit losses	(2,727)	(40,107)
Less specific provision for special mention loans	(7,725)	(5,161)
	4,737,474	2,062,196

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

	2022 Interest rate % per annum	2021 Interest rate % per annum
Loans denominated in LAK	4.00 – 18.00	5.00 – 18.00
Loans denominated in USD	3.00 – 11.00	4.00 – 11.00
Loans denominated in THB	7.00 – 11.00	8.00 – 11.00

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2022

14. LOANS TO CUSTOMERS, NET OF SPECIFIC PROVISION (continued)

14.1 Analysis of loans to customers

Analysis by currency

	31/12/2022 LAKm	31/12/2021 LAKm
Loans denominated in LAK	1,283,976	739,545
Loans denominated in USD	1,920,693	1,288,104
Loans denominated in THB	1,543,257	79,815
	4,747,926	2,107,464

Analysis by status of loans

	31/12/2022 LAKm	31/12/2021 LAKm
Normal or Pass	4,470,755	1,853,091
Watch or Special mention	269,189	174,496
Substandard	4,215	801
Doubtful	3,767	77,938
Loss	-	1,138
	4,747,926	2,107,464

Analysis by original term

	31/12/2022 LAKm	31/12/2021 LAKm
Short-term loans	2,899,725	1,713,058
Medium-term loans	1,445,832	167,784
Long-term loans	402,369	226,622
	4,747,926	2,107,464

Analysis by industrial sectors

	31/12/2022 LAKm	31/12/2021 LAKm
Manufacturing	216,406	143,507
Services and Commerce	3,583,235	1,469,722
Construction	689,782	285,567
Agriculture and forestry	152,641	111,521
Other sectors	105,862	97,147
	4,747,926	2,107,464

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2022

14. LOANS TO CUSTOMERS, NET OF SPECIFIC PROVISION (continued)

14.2 Provision for credit losses

Movements of provision for credit losses were as follow:

	Specific provision for NPL	Specific provision for special mention loans	General provision for normal or pass loans	Total
Balance as at 1 January 2022	40,107	5,161	9,266	54,534
Net provision charged/(reversed) during the year	40,499	(1,032)	8,702	48,169
Non-performing loans written-off	(101,644)	-	-	(101,644)
Foreign exchange difference	23,764	3,596	4,386	31,746
Balance as at 31 December 2022	2,726	7,725	22,354	32,805

The breakdown of loan classification and provision as required by the BOL as at 31 December 2022 is as follows:

<i>Classification</i>	<i>Loan balance LAKm</i>	<i>Specific provision LAKm</i>	<i>General provision LAKm</i>
Performing loans			
- Normal or Pass	4,470,755	-	22,354
- Watch or Special Mention	269,189	7,725	-
Non-Performing loans			
- Sub-standard	4,215	844	-
- Doubtful	3,767	1,883	-
- Loss	-	-	-
Total	4,747,926	10,452	22,354

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2022

15. FIXED ASSETS AND RIGHT-OF-USE ASSETS

15.1 Intangible fixed assets

Movements of intangible fixed assets for the year ended 31 December 2022 are as follows:

	<i>Land use right LAKm</i>	<i>Pre- Operating cost LAKm</i>	<i>Software LAKm</i>	<i>Total LAKm</i>
Cost				
As at 31 December 2021	41,979	1,258	14,819	58,056
Additions	-	-	440	440
Write off	-	(1,211)	-	(1,211)
As at 31 December 2022	41,979	47	15,259	57,285
Accumulated depreciation:				
As at 31 December 2021	-	1,192	10,117	11,309
Charge for the year	-	51	1,799	1,850
Write off	-	(1,211)	-	(1,211)
As at 31 December 2022	-	32	11,916	11,948
Net book value:				
As at 31 December 2021	41,979	66	4,702	46,747
As at 31 December 2022	41,979	15	3,343	45,337

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2022

15. FIXED ASSETS AND RIGHT-OF-USE ASSETS (continued)

15.2 Tangible fixed assets and right-of-use assets

Movements of tangible fixed assets and right-of-use assets for the year ended 31 December 2022 are as follows:

	Tangible fixed assets			Right-of-use assets	
	Building improvement LAKm	Office equipment LAKm	Furniture and fixture LAKm	Building LAKm	Total LAKm
Opening:					
As at 31 December 2021	10,433	7,598	2,512	4,616	27,559
Additions	7	337	10	-	1,999
Write off	-	(241)	(81)	-	(1,159)
As at 31 December 2022	10,440	7,694	2,441	4,616	28,399
Accumulated depreciation:					
As at 31 December 2021	6,963	5,164	1,772	1,379	17,512
Charge for the year	475	1,066	359	720	2,859
Write off	-	(219)	(81)	-	(1,137)
As at 31 December 2022	7,438	6,011	2,050	2,099	19,234
Net book value:					
As at 31 December 2021	3,470	2,434	740	3,237	10,047
As at 31 December 2022	3,002	1,683	391	2,517	9,165

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2022

15. FIXED ASSETS AND RIGHT-OF-USE ASSETS (continued)

15.3 Construction in progress

Movement of construction in progress for the year ended 31 December 2022 is as follows:

	2022 LAKm
As at 1 January 2022	39,272
Additions	31,659
Transferred to fixed assets	(439)
As at 31 December 2022	70,492

16. ACCRUED INTEREST RECEIVABLE

	31/12/2022 LAKm	31/12/2021 LAKm
Due from banks	-	497
Loans and advances to customers	13,087	5,713
	13,087	6,210

17. OTHER ASSETS

	31/12/2022 LAKm	31/12/2021 LAKm
Prepaid interest for customer deposits	4,254	496
Prepaid interest for other banks	229	-
Advance to related parties (*)	517,001	43,859
Prepaid expense	1,456	1,100
Visa cheque receivables (**)	270,426	175,976
Others	29,812	22,811
	823,178	244,242

(*) This balance includes an advance to AIF and an advance to BIC (Cambodia) Bank Public Limited Company with the amount of USD 26,312,000 under an investment agreement signed on 23 November 2022.

(**) The balance presents for receivables from a client with the amount of USD 13,534,872 and THB 75,066,000 since the year 2018 which is under a lawsuit case. The Bank signed a contract on 1 August 2023 to transfer all rights and obligations of these receivables to Lao Asset Management Company and received a full payment from Lao Asset Management Company on 15 August 2023.

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2022

18. DUE TO OTHER BANKS

18.1 Demand deposits

	31/12/2022 LAKm	31/12/2021 LAKm
Balances of domestic banks		
Banque Pour Le Commerce Extérieur Lao Public	54,741	22,112
Balances of overseas banks		
BIC (Cambodia) Bank Public Limited Company	11,765	138,342
	66,506	160,454

18.2 Term deposits

	31/12/2022 LAKm	31/12/2021 LAKm
Balances of domestic banks		
Banque Pour Le Commerce Extérieur Lao Public	1,496,157	332,828
Vietinbank Lao Limited	34,434	22,320
Agricultural Promotion Bank Co., Ltd	400,370	-
Balances of overseas banks		
BIC (Cambodia) Bank Public Limited Company	-	22,320
	1,930,961	377,468

18.3 Borrowing

	31/12/2022 LAKm	31/12/2021 LAKm
Balance of domestic bank		
Bank of Lao PDR	36,320	36,320
	36,320	36,320

Borrowing from BOL for the purpose of providing credit for liquidity and restoration of certain customers who are impacted by coronavirus (COVID-19) as allowed in Decision no 318/BOL, dated 19 May 2020 are including:

	Amount LAKm	Start date	Maturity date	Interest rate p.a
1093/BC	31,320	20 May 2021	20 May 2027	3.0%
2001/BC	5,000	06 October 2021	06 October 2027	5.9%
	36,320			

Interest rates applied for deposits and borrowings from other banks during the year are as follows:

	2022 Interest rate % per annum	2021 Interest rate % per annum
Term deposit in LAK	2.80 – 5.50	5.00
Term deposit in foreign currencies	3.50 – 6.00	3.00 – 3.50
Borrowing in LAK	3.00 – 5.90	3.00 – 5.90

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2022

19. DUE TO CUSTOMERS

	31/12/2022 LAKm	31/12/2021 LAKm
Demand deposits	506,218	380,159
Demand deposits in LAK	238,667	55,179
Demand deposits in foreign currencies	267,551	324,980
Margin deposits	66	7,967
Margin deposits in LAK	66	155
Margin deposits in foreign currencies	-	7,812
Saving deposits	301,834	205,073
Saving deposits in LAK	43,525	33,271
Saving deposits in foreign currencies	258,309	171,802
Daily deposits	227,101	41,682
Daily deposits in LAK	2,133	2,451
Daily deposits in foreign currencies	224,968	39,231
Term deposits	2,849,428	1,970,038
Term deposits in LAK	559,873	414,626
Term deposits in foreign currencies	2,289,555	1,555,412
	3,884,647	2,604,919

The interest rates for these deposits are as follows:

	2022 % per annum	2021 % per annum
Demand deposits in LAK	0.00	0.00
Demand deposits in USD	0.00	0.00
Demand deposits in THB	0.00	0.00
Margin deposits in LAK	0.00	0.00
Margin deposits in USD	0.00	0.00
Margin deposits in THB	0.00	0.00
Daily deposits in LAK	0.00 - 0.50	0.00 - 0.50
Daily deposits in USD	0.00 - 0.75	-
Daily deposits in THB	0.00 - 0.50	0.00 - 0.75
Saving deposits in LAK	1.75 - 3.00	1.75 - 3.00
Saving deposits in USD	1.25 - 3.00	1.25 - 3.00
Saving deposits in THB	1.25 - 2.50	1.25 - 2.75
Term deposits in LAK	3.16 - 9.00	3.16 - 9.00
Term deposits in USD	2.00 - 8.00	2.00 - 8.00
Term deposits in THB	3.00 - 8.00	3.00 - 8.00

20. ACCRUED INTEREST PAYABLE

	31/12/2022 LAKm	31/12/2021 LAKm
Due to other banks	35,397	1,404
Customer deposits	68,959	42,429
	104,356	43,833

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2022

21. TAXATION

21.1 Tax payable

	31/12/2022 LAKm	31/12/2021 LAKm
Profit tax receivable (Note 21.2)	(2,648)	(2,446)
Other tax	536	-
	(2,112)	(2,446)

21.2 Profit tax expense

The Bank is obliged to pay profit tax at rate of 20% on total profit before tax of the year in accordance with Income Tax Law No.67/NA, dated 18 June 2019 which is effective on or after 1 January 2020. Profit tax in 2022 is calculated as follows:

	2022 LAKm	2021 LAKm
Profit before tax	14,446	13,239
Add: Non- deductible expenses	44,909	10,258
Less: Non- taxable income	(75,507)	(35,268)
Taxable loss	(16,152)	(11,771)
Total tax expense for the year 20%	-	-
PT payable at the beginning of the year	(2,446)	1,771
PT paid during the year	(202)	(4,217)
PT receivable at the end of the year	(2,648)	(2,446)

Because the application of tax laws and regulations in many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

21.3 Tax losses carried forward

At the balance sheet date, the Bank has aggregated accumulated tax losses of LAKm 27,923 (31 December 2021: LAK 11,771) available for offset against future taxable profits. Details are as follows:

Year	Can be utilized up to	Additional losses incurred for the year LAK	Utilized up to the end of the year LAK	Amount unused but is not eligible for next year's use LAK	Eligible unused tax loss at the end of the year LAK
2021 (*)	2026	(11,771)	-	-	(11,771)
2022 (*)	2027	(16,152)	-	-	(16,152)
		(27,923)	-	-	(27,923)

(*) At the date of these financial statements, the tax assessment for the years ended 31 December 2021 and 31 December 2022 have not been finalised by the Tax Authority.

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2022

21. TAXATION (continued)

21.4 Deferred profit tax

	Statement of financial position		Income statement	
	31/12/2022	31/12/2021	2022	2021
	LAKm	LAKm	LAKm	LAKm
Deferred tax assets	5,585	-	5,585	-
Deferred tax liabilities	(6,120)	-	(6,120)	-
Net deferred tax credit to the income statement	-	-	(535)	-

Details of the deferred tax is as follows:

	31/12/2022	31/12/2021
	LAKm	LAKm
Deductible temporary differences	27,923	-
<i>In which:</i>		
From tax loss carried forward utilization	27,923	-
Deferred tax asset (Tax rate 20%)	5,585	-
Taxable temporary differences	(30,598)	-
<i>In which:</i>		
Difference in gain/(loss) from dealing in foreign currencies between Tax base and Accounting base of CIT calculation	(30,598)	-
Deferred tax liabilities (Tax rate 20%)	(6,120)	-

21.5 Contingent liabilities

On 6 November 2019, the Ministry of Finance ("the MOF") issued Notification No. 4475/MOF requesting commercial banks to recalculate profit tax for the years from 2016 to 2019 in which provision for credit losses should be considered as non-deductible expenses. On 7 October 2020, the Secretariat of Laos National Assembly sent Official Letter No. 96/SNA/PFAC ("Official Letter No. 96") simultaneously to the Prime Minister, the MOF, the BOL and the State Audit Organization of the Lao P.D.R. According to Official Letter No. 96, the provision for credit losses should be treated as deductible expenses for profit tax calculation. Until the date of this financial statements, the MOF and BOL have not responded to the Secretariat of Laos National Assembly on the above letter and the impact of this issue (if any) has not been yet defined. Therefore, the Bank has not booked any adjustments on the financial statements for the fiscal year 2022.

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2022

22. OTHER PAYABLES

	31/12/2022 LAKm	31/12/2021 LAKm
Payables to employees	897	760
Payables to BOL (BOL Bond)	19,364	-
Accrued expenses	3,361	728
Other payables	1,165	697
Lease liability (*)	2,867	2,107
	27,654	4,292

(*) Set out below are the carrying amounts of lease liabilities and the movements during the year:

	31/12/2022 LAKm
As at 01 January 2022	2,107
Additions	-
Accrual of interest	201
Payment made	(301)
Foreign exchange revaluation	860
As at 31 December 2022	2,867

23. PAID-UP CAPITAL

Paid-up capital represents the up-to-date capital contributed by Asia Investment and Financial Services Co., Ltd and Electricite Du Laos. Details of the contribution are as follows:

	31/12/2022 LAKm	% ownership as per Business License	31/12/2021 LAKm	% ownership as per Business License
Asia Investment and Financial Service Co., Ltd	280,000	70	280,000	70
Electricite Du Laos	120,000	30	120,000	30
	400,000	100	400,000	100

24. CASH AND CASH EQUIVALENTS

	31/12/2022 LAKm	31/12/2021 LAKm
Cash on hand	47,794	19,578
Current accounts with the BOL	565,943	718,968
Demand deposit at other banks	60,270	64,969
Fixed deposit at other banks	50,000	177,579
	724,007	981,094

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2022

25. RELATED PARTY TRANSACTIONS

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

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

Remuneration to members of the Management, Nomination and Remuneration Committee are as follows:

	2022 LAKm	2021 LAKm
Salaries	735	695
Bonus	57	55
Other allowances	84	84
	876	834

Significant transactions with the related parties during the year 2022 and 2021 are as follows:

	2022 LAKm	2021 LAKm
Interest income	122,865	21,869
Interest expense	(25,424)	(29,853)
Management fee	(11,293)	(7,356)
Increase in advance payment	447,849	-

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2022

25. RELATED PARTY TRANSACTIONS (continued)

Significant movement with the related parties during the year 2022 are as follows:

<i>Related party</i>	<i>Increase/(Decrease) in</i>	<i>31/12/2022 LAKm</i>
Asia Investments & Financial Services Co., Ltd. ("AIF")	Current deposit	47,574
	Daily deposit	(691)
	Overdraft	51,804
	Advance	23,804
Electricite Du Laos	Current deposit	20,859
BIC (Cambodia) Bank Public Company Limited	Current deposits with the Bank	(126,577)
	Fixed deposit with the Bank	(22,320)
	Current deposit of the Bank	1,380
	Fixed deposit with the Bank	(293,642)
	Advance	447,849
AIF Precious Metal Import - Export Service Sole Co., Ltd	Current deposit	19,684
	Savings deposit	33,945
	Fixed deposits	38,068
	Overdraft	371,982
Asia Investment, Development and Construction Sole Co., Ltd	Current deposit	171
	Savings deposit	195
	Fixed deposits	54,872
ARMS Construction Sole Co., Ltd	Current deposit	236
	Savings deposit	3,153
	Fixed deposits	7,126
Kingnakone PTT Service Company Limited	Current deposit	284
AVIVA Jewelry	Current deposit	1,238
BIC FX Exchange Individual Enterprise	Current deposit	149
	Fixed deposits	296,062
	Overdraft	129,091
BSK Investment and Service Sole Co., Ltd	Current Deposit	(4,194)
	Term loan	935
Winning 7 Individual	Current Deposit	157,530
A S L Construction Sole Co., LTD	Current deposit	3
	Daily deposit	4,478
	Fixed deposits	74,658
	Overdraft	95,656

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued) as at and for the year ended 31 December 2022

25. RELATED PARTY TRANSACTIONS (continued)

Significant balances with related parties as at 31 December 2022 and 31 December 2021 are as follows:

<i>Related party</i>	<i>Relationship</i>	<i>Balance</i>	<i>31 December 2022 LAKm</i>	<i>2021 LAKm</i>
Asia Investments & Financial Services Co., Ltd. ("AIF")	Direct owner	Current deposit	50,614	3,040
		Daily deposit	-	691
		Overdraft	51,804	-
		Advance	67,663	43,859
Electricite Du Laos	Direct owner	Current deposit	121,131	100,272
BIC (Cambodia) Bank Public Company Limited	Entity under common control	Current deposits with the Bank	11,765	138,342
		Fixed deposit with the Bank	-	22,320
		Accrued interest Payable	-	29
		Current deposit of the Bank	6,154	4,774
		Fixed deposit with the Bank	-	293,642
		Accrued interest receivable	-	497
		Advance	447,849	-
AIF Precious Metal Import - Export Service Sole Co., Ltd	Entity under common control	Current deposit	22,815	3,131
		Savings deposit	34,942	997
		Fixed deposits	175,924	137,856
		Overdraft	482,438	110,456
		Accrued interest receivable	-	427
Asia Investment, Development and Construction Sole Co., Ltd	Entity under common control	Current deposit	466	295
		Savings deposit	250	55
		Fixed deposits	287,937	233,065
ARMS Construction Sole Co., Ltd	Entity under common control	Current deposit	1,055	819
		Savings deposit	4,275	1,122
		Fixed deposits	19,248	12,122
Kingnakone PTT Service Company Limited	Entity under common control	Current deposit	522	238

BIC Bank Lao Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2022

25. RELATED PARTY TRANSACTIONS (continued)

Significant balances with related parties as at 31 December 2022 and 31 December 2021 are as follows (continued):

Related party	Relationship	Transactions	31 December	
			2022 LAKm	2021 LAKm
AVIVA Jewelry	Entity under common control	Current deposit	3,995	2,757
BIC FX Exchange Individual Enterprise	Entity under common control	Current deposit	327	178
		Fixed deposits	521,159	225,097
		Overdraft	346,787	217,696
BSK Investment and Service Sole Co., Ltd	Entity under common control	Current Deposit	111	4,305
		Term loan	32,602	31,667
Winning 7 Individual	Entity under common control	Current Deposit	157,545	15
A S L Construction Sole Co., LTD	Entity under common control	Current deposit	3	-
		Daily deposit	4,478	-
		Fixed deposits	74,658	-
		Accrued interest payable	7,813	-
		Overdraft	95,656	-

26. EVENTS AFTER THE REPORTING DATE

On 1 August 2023, the Bank signed a contract to transfer all rights and obligations relating to the receivables with the amount of USD 13,534,872 and THB 75,066,000 to Lao Asset Management Company and received a full payment from Lao Asset Management Company on 15 August 2023.

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

Prepared by:

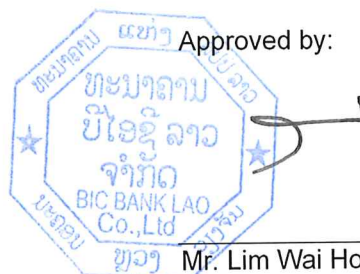


Ms. Niphaphone Pholsyna
Asistant Manager - Finance

Vientiane, Lao PDR

24August 2023

Approved by:



Mr. Lim Wai Hoong
Chief Executive Officer