

**BIC BANK LAO CO., LTD**



**FINANCIAL STATEMENTS**

(in accordance with the accounting policies of the Bank  
and the relevant accounting regulations and notifications  
of Bank of the Lao People's Democratic Republic)

**31 DECEMBER 2023**



**BIC BANK LAO CO., LTD**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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## BIC BANK LAO CO., LTD

### GENERAL INFORMATION

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#### 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 Electricited 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, date 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 Ban 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 principle activities of the Bank are to provide comprehensive banking and related financial services in Lao PDR.

The Bank is located at Unit 16, House No.233, Phonsaart Village, Xaysettha District, Vientiane, Lao PDR. As at 31 December 2023, the Bank has two branches and three service units.

#### BOARD OF DIRECTORS (BOD)

Members of the Board of Directors for the year ended 31 December 2023 and at the date of this report are as follows:

| Name                            | Title         | Date of appointment               |
|---------------------------------|---------------|-----------------------------------|
| Mr. Rithikone Phoummasack Ph.D. | Chairman      | Appointed on 28 September 2021    |
| Mr. Chanthaboun Soukaloun       | Vice Chairman | Appointed on 28 September 2021    |
| Mr. Soulivath Souvannachoumksam | Member        | Appointed on 28 September 2021    |
| Mr. Phouthaxay Sivilay          | Member        | Appointed on 18 July 2023         |
| Mr. Lim Wai Hoong               | Member        | Re-appointed on 28 September 2021 |

#### MANAGEMENT COMMITTEE AND NOMINATION AND REMUERATION COMMITTEE

Members of the Management, Nomination and Remuneration Committee during the year ended 31 December 2023 and as at the date of this report are as follows:

| Name                            | Title    | Date of appointment           |
|---------------------------------|----------|-------------------------------|
| 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 |
| Mr. Phouthaxay Sivilay          | Member   | Appointed on 18 July 2023     |
| Mr. Lim Wai Hoong               | Member   | Appointed on 10 November 2021 |

**GENERAL INFORMATION (CONTINUED)**

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**RISK MANAGEMENT COMMITTEE**

Members of the Risk Management during the year ended 31 December 2023 and as at the date of this report are as follows:

| <b>Name</b>                     | <b>Title</b> | <b>Date of appointment</b>    |
|---------------------------------|--------------|-------------------------------|
| Mr. Phouthaxay Sivilay          | Chairman     | Appointed on 18 July 2023     |
| Mr. Rithikone Phoummasack Ph.D. | Member       | Appointed on 10 November 2021 |
| Mr. Soulivath Souvannachoumkham | 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 2023 and as at the date of this report are as follows:

| <b>Name</b>                     | <b>Title</b> | <b>Date of appointment</b>    |
|---------------------------------|--------------|-------------------------------|
| Mr. Soulivath Souvannachoumkham | Chairman     | Appointed on 10 November 2021 |
| Mr. Phouthaxay Sivilay          | Member       | Appointed on 18 July 2023     |
| 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 2023 and as at the date of this report are as follows:

| <b>Name</b>               | <b>Title</b>                           | <b>Date of appointment</b> |
|---------------------------|--|----------------------------|
| Mr. Lim Wai Hoong         | Chief Executive Officer                | Appointed on 1 April 2019  |
| Mr. Felix Desmond Francis | General Manager-<br>Banking Operations | 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 PricewaterhouseCoopers (Lao) Sole Company Limited.



**REPORT OF MANAGEMENT**

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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 2023.

**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.

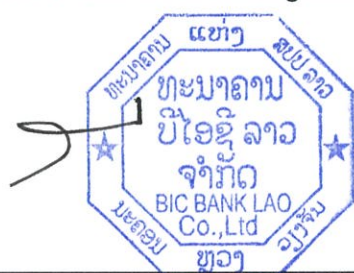
Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Bank and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets 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 interim financial statements.

**STATEMENT OF BOARD OF DIRECTOR**

Management does hereby state that, in its opinion, the accompanying financial statements as at 31 December 2023 are prepared, in all material respects, in accordance with the relevant regulations and notifications of the Bank of Lao People’s Democratic Republic and the accounting policies described in Note 2 to the financial statements.

For and on behalf of Management:



Mr. Lim Wai Hoong  
Chief Executive Officer

Vientiane Capital, Lao PDR  
Date: 02 April 2024



## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF BIC BANK LAO CO., LTD

#### Our opinion

In our opinion, the financial statements of BIC Bank Lao Co., Ltd (the Bank) for the year ended 31 December 2023 are prepared, in all material respects, in accordance with the accounting policies of the Bank and the relevant accounting regulations and notifications of Bank of the Lao People's Democratic Republic (BOL) as described in Note 2 to the financial statements.

#### What we have audited

The Bank's financial statements comprise:

- the statement of income for the year then ended;
- the statement of financial position as at 31 December 2023;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information

#### 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 believe that audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

#### Emphasis of matter – Basis of accounting and restriction on distribution and use

We draw attention to Note 2 to the financial statements which describes the basis of accounting. The financial statements are prepared in accordance with the accounting policies described in Note 2 to the financial statements. As a result, the financial statements may not be suitable for another purpose.





Our report is intended solely for the Bank and its regulators and should not be distributed to or used by parties other than the Bank and the aforementioned parties. Our opinion is not modified in respect of this matter.

### **Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation of the financial statements in accordance with the relevant accounting regulations and notifications of Bank of Lao People's Democratic Republic and accounting policies described in Note 2 to the financial statements, and for such internal control as the directors determines are 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, the directors are 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 the directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

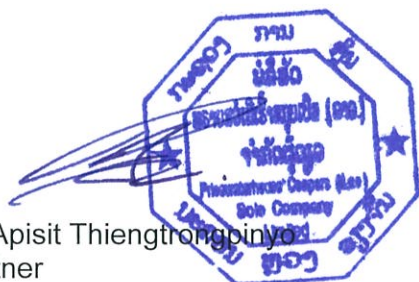
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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.
- 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 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.



We communicate with the 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.

For PricewaterhouseCoopers (Lao) Sole Company Limited



By Apisit Thiengtrongpinyo  
Partner

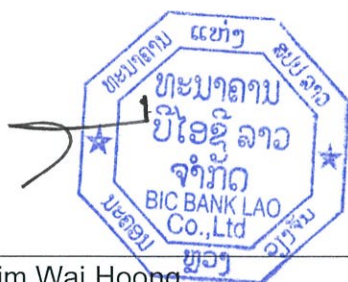
Vientiane Capital, Lao PDR  
Date: 02 April 2024



**BIC BANK LAO CO., LTD**

**STATEMENT OF INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023**

|  |       | 2023<br>LAKm  | 2022<br>Reclassify<br>LAKm |
|--|-------|---------------|----------------------------|
|  | Notes |               |                            |
| <b>A. Operating income and expenses</b>                      |       |               |                            |
| 1. Interest and similar income                               |       | 451,845       | 239,965                    |
| 2. Interest and similar expenses                             |       | (358,848)     | (197,290)                  |
| <b>I. Net interest and similar income</b>                    | 4     | <b>92,997</b> | <b>42,675</b>              |
| 3. Fees and commission income                                | 5     | 18,265        | 34,763                     |
| 4. Fees and commission expenses                              | 5     | (1,558)       | (4,158)                    |
| 5. Net(loss)/ gain from dealing in foreign currencies        | 6     | (11,682)      | 30,107                     |
| <b>II. Net operating income</b>                              |       | <b>98,022</b> | <b>103,387</b>             |
| <b>B. Other income and expenses</b>                          |       |               |                            |
| 6. Other operating income                                    | 7     | 63,181        | 42,949                     |
| 7. Administrative expenses                                   |       | (52,056)      | (34,333)                   |
| 7.1 Payroll and other staff cost                             | 8     | (20,934)      | (14,402)                   |
| 7.2 Other administrative expenses                            | 9     | (31,123)      | (19,931)                   |
| 8. Depreciation and amortization expense                     |       | (10,255)      | (4,709)                    |
| 9. Other operating expenses                                  | 10    | (72,144)      | (52,349)                   |
| 10. Net (Provision charge)/reversal for non-performing loans |       | (6,062)       | (40,499)                   |
| <b>Total profit before tax</b>                               |       | <b>20,686</b> | <b>14,446</b>              |
| 11. Current profit tax                                       | 25    | (6,479)       | -                          |
| 12. Deferred tax expense                                     | 26    | 2,342         | (535)                      |
| <b>Profit after tax</b>                                      |       | <b>16,549</b> | <b>13,911</b>              |



Mr. Lim Wai Hoong  
Chief Executive Officer

Vientiane Capital, Lao PDR  
Date: 02 April 2024

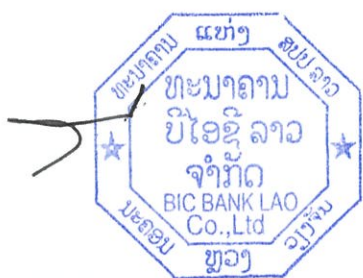
Mrs. Niphaphone Pholsyna  
Deputy Manager - Finance

Vientiane Capital, Lao PDR  
Date: 02 April 2024

BIC BANK LAO CO., LTD

STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 DECEMBER 2023

|  | Notes | 2023<br>LAKm      | 2022<br>Reclassify<br>LAKm |
|--|-------|-------------------|----------------------------|
| <b>ASSETS</b>  |       |                   |                            |
| <b>I. Cash on hand and balance with the BoL</b>                                  | 11    | <b>1,217,200</b>  | <b>717,665</b>             |
| 1. Cash on hand  |       | 118,217           | 47,794                     |
| 2. Balances with the BoL   |       | 1,098,983         | 669,871                    |
| <b>III. Due from other banks</b>   | 12    | <b>222,332</b>    | <b>119,082</b>             |
| 1. Demand and saving deposits  |       | 211,343           | 60,270                     |
| 2. Term deposits   |       | -                 | 50,000                     |
| 3. Restricted cash reserved for master card guarantee                            |       | 10,989            | 8,812                      |
| <b>IV. Investment in joint venture</b>   | 13    | <b>1,700</b>      | <b>1,700</b>               |
| <b>V. Loan to customers, net of specific for Provision for credit activities</b> | 14    | <b>8,922,249</b>  | <b>4,737,474</b>           |
| <b>VI. Fixed assets</b>  |       | <b>191,349</b>    | <b>124,994</b>             |
| 1. Asset under construction  | 15    | 19,930            | 70,492                     |
| 2. Tangible assets   | 16    | 124,721           | 6,647                      |
| 3. Intangible assets   | 17    | 44,394            | 45,337                     |
| 4. Right-of-used Assets  | 18    | 2,304             | 2,518                      |
| <b>VII. Other assets</b>   | 19    | <b>799,148</b>    | <b>835,686</b>             |
| 1. Accrued interest receivables  |       | 35,268            | 13,087                     |
| 2. Deferred tax asset  |       | 5,585             | 5,585                      |
| 3. Profit tax recoverable  |       | -                 | 2,648                      |
| 4. Other assets  |       | 758,295           | 814,366                    |
| <b>TOTAL ASSETS</b>  |       | <b>11,353,978</b> | <b>6,536,601</b>           |



Mr. Lim Wai Hoong  
Chief Executive Officer

Vientiane Capital, Lao PDR  
Date: 02 April 2024

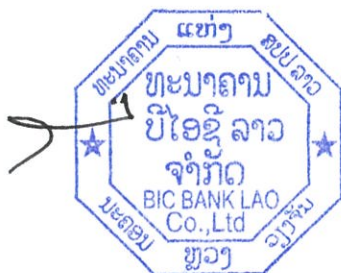
Mrs. Niphaphone Pholsyna  
Deputy Manager - Finance

Vientiane Capital, Lao PDR  
Date: 02 April 2024

**BIC BANK LAO CO., LTD**

**STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 DECEMBER 2023**

|  | Notes | 2023<br>LAKm      | 2022<br>Reclassify<br>LAKm |
|--|-------|-------------------|----------------------------|
| <b>LIABILITIES AND EQUITY</b>              |       |                   |                            |
| <b>I. Due to other banks</b>               | 20    | <b>5,812,405</b>  | <b>2,033,787</b>           |
| 1. Demand deposits                         |       | 104,077           | 66,506                     |
| 2. Term deposits                           |       | 5,672,643         | 1,930,961                  |
| 3. Borrowings                              |       | 35,685            | 36,320                     |
| <b>II. Due to customers</b>                | 21    | <b>4,434,525</b>  | <b>3,884,647</b>           |
| 1. Demand and daily deposits               |       | 790,004           | 733,320                    |
| 2. Saving deposits                         |       | 359,431           | 301,834                    |
| 3. Term deposits                           |       | 3,285,074         | 2,849,428                  |
| 4. Margin deposit                          |       | 16                | 66                         |
| <b>III. Other liabilities</b>              | 22    | <b>559,416</b>    | <b>138,666</b>             |
| 1. Accrued interest payables               |       | 235,004           | 104,356                    |
| 2. Tax payables                            |       | 2,385             | 536                        |
| 3. Deferred tax liabilities                |       | 3,779             | 6,120                      |
| 4. Other liabilities                       |       | 355,586           | 24,787                     |
| 5. Lease liabilities                       |       | 2,662             | 2,867                      |
| <b>TOTAL LIABILITIES</b>                   |       | <b>10,846,346</b> | <b>6,057,100</b>           |
| <b>IV. Equity and reserves</b>             |       |                   |                            |
| 1. Contributed capital                     | 23    | 400,000           | 400,000                    |
| 2. Regulatory reserve fund                 |       | 15,681            | 13,656                     |
| 3. Business expansion fund                 |       | 10,974            | 8,949                      |
| 4. General provision for credit activities |       | 43,659            | 22,354                     |
| 5. Retained earnings                       |       | 37,318            | 34,542                     |
| <b>TOTAL EQUITY</b>                        |       | <b>507,632</b>    | <b>479,501</b>             |
| <b>TOTAL LIABILITIES AND EQUITY</b>        |       | <b>11,353,978</b> | <b>6,536,601</b>           |



Mr. Lim Wai Hoong  
Chief Executive Officer

Vientiane Capital, Lao PDR  
Date: 02 April 2024

Mrs. Niphaphone Pholsyna  
Deputy Manager - Finance

Vientiane Capital, Lao PDR  
Date: 02 April 2024

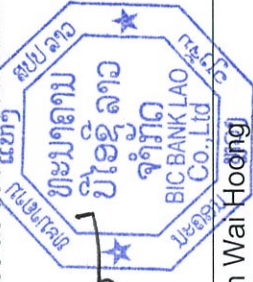


**BIC BANK LAO CO., LTD**

**STATEMENT OF CHANGE IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2023**

| Notes   | Share capital<br>LAKm | Regulatory<br>Reserves fund<br>LAKm | Business<br>Expansion fund<br>LAKm | General<br>provision<br>for credit<br>activities<br>LAKm | Retained<br>earnings<br>LAKm | Total<br>LAKm  |
|---|-----------------------|-------------------------------------|------------------------------------|--|------------------------------|----------------|
| <b>Balance as at 1 January 2022</b>                 | <b>400,000</b>        | <b>12,265</b>                       | <b>8,949</b>                       | <b>9,266</b>   | <b>22,022</b>                | <b>452,502</b> |
| Net profit for the year                             | -                     | -                                   | -                                  | -  | 13,911                       | 13,911         |
| Appropriation to reserve for the year               | -                     | 1,391                               | -                                  | -  | (1,391)                      | -              |
| Business expansion fund                             | -                     | -                                   | -                                  | -  | -                            | -              |
| Net general provision expense for credit activities | -                     | -                                   | -                                  | -  | -                            | -              |
| Foreign exchange difference                         | -                     | -                                   | -                                  | 12,962   | -                            | 12,962         |
|   | -                     | -                                   | -                                  | 126  | -                            | 126            |
| <b>Balances as at 31 December 2022</b>              | <b>400,000</b>        | <b>13,656</b>                       | <b>8,949</b>                       | <b>22,354</b>  | <b>34,542</b>                | <b>479,501</b> |
| <b>Balance as at 1 January 2023</b>                 | <b>400,000</b>        | <b>13,656</b>                       | <b>8,949</b>                       | <b>22,354</b>  | <b>34,542</b>                | <b>479,501</b> |
| Net profit for the year                             | -                     | -                                   | -                                  | -  | 16,549                       | 16,549         |
| Appropriation to reserve for the year               | -                     | 2,025                               | -                                  | -  | (2,025)                      | -              |
| Dividend paid                                       | -                     | -                                   | 2,025                              | -  | (2,025)                      | -              |
| Business expansion fund                             | -                     | -                                   | -                                  | -  | (9,723)                      | (9,723)        |
| Net general provision expense for credit activities | -                     | -                                   | -                                  | -  | -                            | -              |
| Foreign exchange difference                         | -                     | -                                   | -                                  | 25,704   | -                            | 25,704         |
|   | -                     | -                                   | -                                  | (4,399)  | -                            | (4,399)        |
| <b>Balances as at 31 December 2023</b>              | <b>400,000</b>        | <b>15,681</b>                       | <b>10,974</b>                      | <b>43,659</b>  | <b>37,318</b>                | <b>507,632</b> |

**Balances as at 31 December 2023**



Mr. Lim Wai Hooing  
Chief Executive Officer

Mrs. Niphaphone Pholsyna  
Deputy Manager - Finance

Vientiane Capital, Lao PDR  
Date: 02 April 2024

Vientiane Capital, Lao PDR  
Date: 02 April 2024

**BIC BANK LAO CO., LTD**

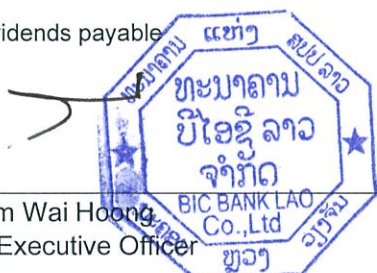
**STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 31 DECEMBER 2023**

|   | Notes | 2023<br>LAKm     | 2022<br>LAKm     |
|---|-------|------------------|------------------|
| <b>OPERATING ACTIVITIES</b>                               |       |                  |                  |
| Net profit before tax                                     |       | 20,686           | 14,446           |
| Adjustment for:   |       |                  |                  |
| Depreciation and amortization expenses                    |       | 9,284            | 4,709            |
| Provision for credit loss charged for the year            |       | 10,357           | 48,244           |
| Write off fixed asset                                     |       | 1,165            | 22               |
| Interest income   |       | (451,845)        | (239,965)        |
| Interest expense  |       | 358,848          | 197,290          |
| <b>Cash flows before changes in working capital</b>       |       | <b>(51,505)</b>  | <b>24,746</b>    |
| <b>Changes in working capital:</b>                        |       |                  |                  |
| (Increase)/Decrease in operating assets                   |       |                  |                  |
| Balances with other banks                                 |       | (130,697)        | 216,064          |
| Statutory deposit   |       | -                | (33,647)         |
| Loan to customers   |       | (4,173,827)      | (2,710,434)      |
| Other assets  |       | 58,719           | (578,938)        |
| Increase/(Decrease) in operating liabilities              |       |                  |                  |
| Amounts due to other banks                                |       | 3,778,619        | 1,459,545        |
| Due to customers  |       | 549,878          | 1,279,729        |
| Other liabilities   |       | 261,484          | 23,896           |
| Lease liabilities   |       | (205)            | -                |
| <b>Cash generated from (used in) operations</b>           |       | <b>292,466</b>   | <b>(319,039)</b> |
| <b>Cash generated from (used in) operations</b>           |       |                  |                  |
| Profit tax paid during the year                           | 25    | (2,700)          | (202)            |
| Interest received   |       | 429,663          | 233,088          |
| Interest paid   |       | (228,200)        | (136,765)        |
| <b>Net cash flows from/(used in) operating activities</b> |       | <b>491,229</b>   | <b>(222,918)</b> |
| <b>INVESTING ACTIVITIES</b>                               |       |                  |                  |
| Payment for tangible and intangible assets (*)            | 16,17 | (4,491)          | (2,439)          |
| Payment for construction in progress and tangible assets  | 15    | (10,638)         | (31,220)         |
| Cash payment for Right-of-use assets                      | 18    | (460)            | -                |
| Cash payment for investment in joint venture              |       | -                | (510)            |
| Cash payment of borrowing from other bank                 | 20    | (635)            | -                |
| <b>Net cash flows from investing activities</b>           |       | <b>(16,224)</b>  | <b>(34,169)</b>  |
| <b>FINANCING ACTIVITIES</b>                               |       |                  |                  |
| Payment of dividends (**)                                 |       | (2,917)          | -                |
| <b>Net cash flows used in financing activities</b>        |       | <b>(2,917)</b>   | <b>-</b>         |
| <b>Net change in cash and cash equivalents</b>            |       | <b>472,088</b>   | <b>(257,087)</b> |
| Cash and cash equivalents at the beginning of the year    |       | 724,007          | 981,094          |
| <b>Cash and cash equivalents at the end of the year</b>   | 24    | <b>1,196,095</b> | <b>724,007</b>   |

**Significant non-cash item:**

|  |       |        |   |
|--|-------|--------|---|
| (*) Payable for purchase of cumulative property and equipment, and intangible assets | 16,17 | 62,777 | - |
| (**) Dividends payable   |       | 6,805  | - |

Mr. Lim Wai Hoong  
Chief Executive Officer  
Vientiane Capital, Lao PDR  
Date: 02 April 2024



Mrs. Niphaphone Pholsyna  
Deputy Manager - Finance  
Vientiane Capital, Lao PDR  
Date: 02 April 2024

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**1. GENERAL INFORMATION**

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 Service Co., Ltd (AIF) whereby its shares in the Bank of 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, date 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.

The Bank's principal activities are providing comprehensive banking and related financial services in Lao PDR.

The Bank's head office is at Phonsaart Village, Xaysettha District, Vientiane, Lao PDR. As at 31 December 2023, Bank has two branches and three services units throughout Lao PDR.

The financial information are presented in Lao Kip and rounded to the nearest million, unless otherwise stated.

The financial information was authorised for issue by the board of directors on 02 April 2024

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of the financial statements are set out below.

**2.1 Basis of preparation**

The financial statements have been prepared in accordance with the Bank's accounting policies as described in the notes to the financial statements and the relevant BoL regulations and notifications. The accounting principles applied may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The accompanying financial statements are not intended to present the financial position and financial performance in accordance with other jurisdictions. Consequently, these financial statements are addressed only to those who are informed about the Bank's accounting policies and the relevant accounting regulations and notifications of BoL.



**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.1 Basis of preparation (continued)**

The preparation of financial statements requires management to make estimates and assumptions affecting the amounts reported as assets and liabilities, the disclosure of any contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

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

**2.2 Foreign currency transactions and translation**

Monetary assets and liabilities denominated in currencies other than LAK at year end are translated into LAK at the exchange rate ruling on the statement of the financial report date. Income and expenses arising in foreign currencies during the period are converted into LAK at the rates ruling on the transaction dates. Gains and losses resulting from the settlement of such transactions and from the translation of such monetary assets and liabilities are recognised in the statement of income when earned and incurred.

**2.3 Recognition of interest income and expenses**

**Interest income recognition**

Interest income is recognised on an accrual basis using the nominal interest rates stipulated in loan contracts with clients except for non-performing accounts and specific consideration.

Where an account becomes non-performing, the recording of interest is suspended, and interest income already recognised is reversed. Interest income will be recognised if accrued interest on non-performing loans will be subsequently collected. Customer accounts are deemed to be non-performing where repayments are in arrears for more than three months or 90 days. This is in line with the regulations of BoL.

**Interest expense recognition**

Interest expense expenses on deposits from customers, other banks, finance institutions and borrowing are recognised on an accrual basis.

**2.4 Recognition of fee and commission income**

Fees and commissions consist of fees received for fund transfer (including cheque settlement), foreign currency exchange transactions, financial guarantees and other banking services.

Fee and commission income are recognized in the separate income statement on cash basis.

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.5 Recognition of dividend income**

Dividend income is recognized when the Bank's right to receive the payment is established

**2.6 Cash and cash equivalents**

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

**2.7 Loans to customers**

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

**2.8 Classification of and provision for credit activities**

**Provision for credit losses**

Provision for credit losses

Classification

In accordance with Regulation 512/BOL dated 29 June 2018, the Bank is required to classify loans and create a provision for impairment losses. Accordingly, loans are classified into performing or non-performing loans based on their payment arrears status and other qualitative factors.

Loans classified as normal/pass (Group A) and watch/special mention (Group B) are considered performing loans. Loans classified as substandard (Group C), doubtful (Group D) and loss (Group E) are considered non-performing loans.

Provision

Under Regulation 512/BOL dated 29 June 2018, to calculate provisions, banks can account for collateral value with the percentage prescribed in the Regulation to deduct it from the loan outstanding before applying the provision rates.

In accordance with Regulation 784/BOL dated 3 September 2019, commercial banks that grant loans to SMEs under this regulation are eligible to set up provision at 0,20% of outstanding the SME loan balances that are classified as normal. Provisions are categorised as general and specific based on the loan classification. Below is a summary of provision rates applicable for each loan classification as at the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.8 Classification of and provision for credit activities (continued)**

| <u>Group</u>                     | <u>Category</u>          | <u>Accounting for provision balance</u> | <u>Provision rate</u> |
|----------------------------------|--------------------------|---|-----------------------|
| <b>Performing (general)</b>      |                          |   |                       |
| A                                | Normal or pass           | In equity and reserves                  | 0.5%                  |
| B                                | Watch or special mention | Deducted to loan balance                | 3%                    |
| <b>Non-Performing (Specific)</b> |                          |   |                       |
| C                                | Substandard              | Deducted to loan balance                | 20%                   |
| D                                | Doubtful                 | Deducted to loan balance                | 50%                   |
| E                                | Loss                     | Deducted to loan balance                | 100%                  |

- (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 – undiscounted value of collateral)
- (ii) The performing-loan provision balance group A is recorded in the balance sheet in 'Provision for performing loans' under equity and reserve. The accumulated balance of the non-performing loan provision and the performing-loan provision balance group B are recorded to the balance sheet in 'Loans to customers, net of provision for NPLs'.
- (iii) Changes in the performing-loan provision is recorded in the income statement as 'Other operating expenses' for provision expenses, and 'Other operating income' for reversals of provision expenses. Changes in the non-performing loan provision are recorded in the income statement as 'Net provision for NPLs changed to/ (reversal out of) expenses'.

**2.9 Leases**

According to the BOL's Notification No. 1433/BOL dated 24 October 2019 that requesting commercial banks to apply IFRS 16 for preparation and presentation of financial statements.

The Bank recognised right-of-use assets and lease liabilities for those leases previously classified as finance lease or operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.



**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.9 Leases (continued)**

**Right-of-use assets**

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.

**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.

In calculating the present value of lease payments, the Bank uses the its fixed deposit rate at the lease commencement date if 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 assets.

**2.10 Investments in joint ventures**

The Bank's investments in associates and joint ventures are recognized at cost and subsequently reflected at cost in the statement of financial position. Dividend and income transferred from associates and joint ventures are recognized in the statement of income as "Net gain from equity investment".

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Investment securities

2.11.1 Held-to-maturity securities

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

Held-to-maturity securities are initially recognized at cost and subsequently presented at cost, if any. Premiums and discounts arising from securities purchases are amortized in the statement of income using the straight-line method over the year from the issue dates to the maturity dates.

2.12 Fixed assets

2.12.1 Intangible fixed assets

Intangible fixed assets consist of land use rights and software. Acquired computer software is measured at cost. These costs are amortised over their estimated useful lives as follow

|                     |                 |
|---------------------|-----------------|
| Land use rights (*) | No amortisation |
| Software            | 20%             |

(\*): Cost of land use rights is not amortized as they have indefinite life.

Cost associated with maintaining computer software are recognised as an expense as incurred.

2.12.2 Tangible fixed assets

Tangible fixed assets consist of buildings and improvements, office equipment, furniture and fixtures, and motor vehicles.

Fixed assets are stated at cost less accumulated depreciation, if any. The residual value of an asset is the estimated amount that the Bank would currently obtain from disposal of the asset if the asset were already of the age and in the condition expected at the end of its useful life.

The cost of an asset comprises its purchase price plus any costs directly attributable to the bringing of 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 income, if any.

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

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.13 Depreciation and amortisation**

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 Tax Law revised No. 67 date 18 Jun 2019 effective for accounting periods starting on 1 January 2020. The following are the annual rates used:

|                          |     |
|--------------------------|-----|
| Buildings & improvements | 5%  |
| Leasehold improvements   | 10% |
| Office equipment         | 20% |
| Furniture & fixtures     | 20% |
| Motor vehicles           | 20% |

**2.14 Statutory deposits**

Under the Law on Commercial Banks date 7 December 2018 requires commercial banks to allocate net profit to a regulatory reserve fund, business expansion fund, and others. In accordance with the Enterprise Law, the Bank is required to appropriate 10% of profit after tax each year into Regulatory reserve fund. When this reserve fund reaches 50% of the registered capital, the Bank may suspend such provision, unless otherwise provided by the laws. The Bank will record after getting approval from Annual General Meeting (AGM).

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

**2.15 Taxation**

**Current tax**

The Bank is obliged to pay profit tax at rate of 20% of total profit before tax in accordance with the Income Tax Law, effective for accounting periods starting on 1 January 2020.

The Bank's tax returns are subject to examination by the tax authorities. Because the application of Income 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 difference at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose. 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 transaction which, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.15 Taxation (Continued)**

**Deferred tax (Continued)**

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 tax are recognized as income tax benefits or expenses in the statement of income.

The Bank prepare deferred tax assets and liabilities to present separately basis.

**2.16 Employee benefit**

**a) Post-employment benefits**

Post-employment benefits are paid to retired employees through the National Social Security Fund under the Ministry of Labour and Social Welfare. The Bank is required to contribute to the Social Insurance Agency at 6% of employees' basic salaries on a monthly basis (maximum SSO threshold is LAK 4,500,000). The Bank has no further obligation concerning post-employment benefits for the employees other than this.

**b) 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 obligation to pay allowance for employee who are terminated by dismissal in the following cases:

The employee lacks specialise 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.



**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.16 Employee benefit (continued)**

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 2023, 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. RECLASSIFY**

The management reconsider nature of account and revise grouping in the financial statements since it will present financial position properly. Therefore, the comparative figure were reclassified for comparative purpose.

|   | As at 31 December 2022          |                          |                     |
|---|---------------------------------|--------------------------|---------------------|
|   | As Originally<br>stated<br>LAKm | Reclassification<br>LAKm | Reclassifiy<br>LAKm |
| <b>Statement of financial position</b>                |                                 |                          |                     |
| <b>Due from other banks</b>                           | <b>110,270</b>                  |                          | <b>119,082</b>      |
| Restricted cash reserved for master<br>card guarantee | -                               | 8,812                    | 8,812               |
| <b>Fixed assets</b>                                   | <b>124,994</b>                  |                          | <b>124,994</b>      |
| Tangible fixed assets                                 | 9,165                           | (2,518)                  | 6,647               |
| Right-of-use assets                                   | -                               | 2,518                    | 2,518               |
| <b>Other assets</b>                                   | <b>844,498</b>                  |                          | <b>835,686</b>      |
| Other assets  | 823,178                         | (8,812)                  | 814,366             |
| <b>Total assets</b>                                   | <b>6,536,601</b>                | <b>-</b>                 | <b>6,536,601</b>    |
| <b>Liabilities and equity</b>                         |                                 |                          |                     |
| <b>Other liabilities</b>                              | <b>138,666</b>                  |                          | <b>138,666</b>      |
| Other liabilities                                     | 27,654                          | (2,867)                  | 24,787              |
| Lease liabilities                                     | -                               | 2,867                    | 2,867               |
| <b>Total liabilities</b>                              | <b>6,057,100</b>                | <b>-</b>                 | <b>6,057,100</b>    |
| <b>Total equity</b>                                   | <b>479,501</b>                  | <b>-</b>                 | <b>479,501</b>      |
| <b>Total liabilities and equity</b>                   | <b>6,536,601</b>                | <b>-</b>                 | <b>6,536,601</b>    |

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**3. RECLASSIFY (CONTINUED)**

|                                 | As at 31 December 2022          |                          |                     |
|---------------------------------|---------------------------------|--------------------------|---------------------|
|                                 | As Originally<br>stated<br>LAKm | Reclassification<br>LAKm | Reclassifiy<br>LAKm |
| <b>Statement of income</b>      |                                 |                          |                     |
| <b>Other income and expense</b> |                                 |                          |                     |
| Other operating incomes         | 6,125                           | 36,824                   | 42,949              |
| Other operating expenses        | (15,525)                        | (36,824)                 | (52,349)            |
| <b>Total profit before tax</b>  | <b>14,446</b>                   | <b>-</b>                 | <b>14,446</b>       |

**4. NET INTEREST AND SIMILAR INCOME**

|   | 2023<br>LAKm     | 2022<br>LAKm     |
|---|------------------|------------------|
| <b>Interest and similar income from:</b>  |                  |                  |
| Interbank transactions                    | 1,562            | 74               |
| Loans to customers                        | 450,283          | 239,891          |
|   | <b>451,845</b>   | <b>239,965</b>   |
| <b>Interest and similar expense from:</b> |                  |                  |
| Term deposits from other banks            | (185,426)        | (51,808)         |
| Borrowing from other banks                | (1,239)          | (1,252)          |
| Customer deposits                         | (172,183)        | (144,230)        |
|   | <b>(358,848)</b> | <b>(197,290)</b> |
| <b>Net interest and similar income</b>    | <b>92,997</b>    | <b>42,675</b>    |

**5. NET FEES AND COMMISSION INCOME**

|                                       | 2023<br>LAKm   | 2022<br>LAKm   |
|---------------------------------------|----------------|----------------|
| <b>Fee and commission income from</b> |                |                |
| Settlement services                   | 16,633         | 27,579         |
| Other activities                      | 1,632          | 7,184          |
|                                       | <b>18,265</b>  | <b>34,763</b>  |
| <b>Fee and commission expense for</b> |                |                |
| Settlement activities                 | (1,558)        | (4,158)        |
|                                       | <b>(1,558)</b> | <b>(4,158)</b> |
| <b>Net fee and commission income</b>  | <b>16,707</b>  | <b>30,605</b>  |

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**6. NET GAIN FROM DEALING IN FOREIGN CURRENCIES**

|   | <b>2023<br/>LAKm</b> | <b>2022<br/>LAKm</b> |
|---|----------------------|----------------------|
| Gain from dealing in foreign currencies | 49,680               | 75,721               |
| Loss from dealing in foreign currencies | (61,362)             | (45,614)             |
|   | <b>(11,682)</b>      | <b>30,107</b>        |

**7. OTHER OPERATING INCOME**

|  | <b>2023<br/>LAKm</b> | <b>2022<br/>Reclassify<br/>LAKm</b> |
|--|----------------------|-------------------------------------|
| Reversal of provision for performing loans | 49,501               | 37,854                              |
| Recovery of bad debt written off           | 7,569                | 2,377                               |
| Others                                     | 6,111                | 2,718                               |
|  | <b>63,181</b>        | <b>42,949</b>                       |

**8. PAYROLL AND OTHER STAFF COSTS**

|                                 | <b>2023<br/>LAKm</b> | <b>2022<br/>LAKm</b> |
|---------------------------------|----------------------|----------------------|
| Salary                          | 17,488               | 13,102               |
| Bonus and other allowances      | 3,328                | 1,235                |
| Training, meetings and seminars | 118                  | 65                   |
|                                 | <b>20,934</b>        | <b>14,402</b>        |

**9. OTHER ADMINISTRATIVE EXPENSES**

|                                      | <b>2023<br/>LAKm</b> | <b>2022<br/>LAKm</b> |
|--------------------------------------|----------------------|----------------------|
| External services*                   | 1,693                | 1,003                |
| Repair and maintenance               | 5,892                | 4,200                |
| Management fee                       | 15,771               | 11,293               |
| Publication, marketing and promotion | 2,517                | 375                  |
| Office rental                        | 1,593                | 300                  |
| Post and telecommunications          | 429                  | 1,588                |
| Travelling expense                   | 913                  | 196                  |
| Stationaries and office materials    | 534                  | 254                  |
| Insurance expense                    | 761                  | 299                  |
| Electricity and water supply         | 488                  | 208                  |
| Others                               | 532                  | 215                  |
|                                      | <b>31,123</b>        | <b>19,931</b>        |

\*In the external service has been included audit fee of current year is amount : 418 million LAK and other external service.

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**10. OTHER OPERATING EXPENSES**

|  | <b>2023<br/>LAKm</b> | <b>2022<br/>Reclassify<br/>LAKm</b> |
|--|----------------------|-------------------------------------|
| Insurance fees paid to Depositor Protection Fund | 3,026                | 2,524                               |
| General provision for normal loan                | 25,704               | 12,962                              |
| Recovery of bad debt written off expense         | 38,635               | 32,563                              |
| Other  | 4,779                | 4,300                               |
|  | <b>72,144</b>        | <b>52,349</b>                       |

**11. CASH AND BALANCES WITH THE BOL**

|   | <b>2023<br/>LAKm</b> | <b>2022<br/>LAKm</b> |
|---|----------------------|----------------------|
| Cash on hand (Note 11.1)  | 118,217              | 47,794               |
| Balance with BOL  |                      |                      |
| - Balances other than long-term fixed deposits and mandatory reserve deposits (Note 11.2) | 855,546              | 565,943              |
| - Long term fixed deposit and mandatory reserve deposits with the BOL (Note 11.3)         | 243,432              | 103,923              |
| - Registered capital reserve  | 5                    | 5                    |
|   | <b>1,217,200</b>     | <b>717,665</b>       |

**11.1 Cash on hand**

|                                 | <b>2023<br/>LAKm</b> | <b>2022<br/>LAKm</b> |
|---------------------------------|----------------------|----------------------|
| Cash on hand – LAK              | 11,771               | 9,091                |
| Cash on hand – foreign currency | 106,446              | 38,703               |
|                                 | <b>118,217</b>       | <b>47,794</b>        |

**11.2 Balances with the BOL other than mandatory reserve deposits**

|                 | <b>2023<br/>LAKm</b> | <b>2022<br/>LAKm</b> |
|-----------------|----------------------|----------------------|
| Demand deposits | 855,546              | 565,943              |



**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**11. CASH AND BALANCES WITH THE BOL (CONTINUED)****11.3 Deposits and mandatory reserve deposits with the BOL (Included in cash and cash equivalents (Note 24))**

|                                  | <b>2023<br/>LAKm</b>    | <b>2022<br/>LAKm</b>  |
|----------------------------------|-------------------------|-----------------------|
| Demand deposits                  | 855,546                 | 565,943               |
| Compulsory reserve (i)           | 243,432                 | 103,923               |
| Registered capital deposits (ii) | 5                       | 5                     |
|                                  | <b><u>1,098,983</u></b> | <b><u>669,871</u></b> |

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

(i) 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 8% per annum for LAK and 10% for other currencies (2022: 5% per annum), 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.

(ii) 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**

|                        | <b>2023<br/>LAKm</b>  | <b>2022<br/>LAKm</b>  |
|------------------------|-----------------------|-----------------------|
| <b>Demand deposits</b> | <b>222,317</b>        | <b>60,270</b>         |
| Domestic banks         | 110,563               | 36,558                |
| Overseas banks         | 111,754               | 32,524                |
| <b>Saving deposits</b> | <b>15</b>             | <b>-</b>              |
| Domestic banks         | 15                    | -                     |
| <b>Term deposits</b>   | <b>-</b>              | <b>50,000</b>         |
| Domestic banks         | -                     | -                     |
| Overseas banks         | -                     | 50,000                |
|                        | <b><u>222,332</u></b> | <b><u>119,082</u></b> |

Interest rates for amounts due from other banks during the year:

|                 | <b>2023<br/>% per annum</b> | <b>2022<br/>% per annum</b> |
|-----------------|-----------------------------|-----------------------------|
| Demand deposits | 0%                          | 0%                          |
| Saving deposits | 0%                          | 0%                          |
| Fixed deposits  | -                           | 2.8%                        |

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**13. INVESTMENTS IN JOINT VENTURE**

|   | <b>2023</b>                |                        | <b>2022</b>                |                        |
|---|----------------------------|------------------------|----------------------------|------------------------|
|   | <b>Book value<br/>LAKm</b> | <b>Ownership<br/>%</b> | <b>Book value<br/>LAKm</b> | <b>Ownership<br/>%</b> |
| Lao National Payment<br>Network Company Limited | 1,700                      | 5%                     | 1,700                      | 5%                     |

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 Exterieur 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 2023.

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

|  | <b>2023<br/>LAKm</b> | <b>2022<br/>LAKm</b> |
|--|----------------------|----------------------|
| Loans to customers                       | 8,930,139            | 4,747,926            |
| Less Provision for non-performing loans  | (335)                | (2,727)              |
| Less Provision for special mention loans | (7,555)              | (7,725)              |
|  | <b>8,922,249</b>     | <b>4,737,474</b>     |

**14.1 Analysis of loans to customers**

i) By currency

|                          | <b>2023<br/>LAKm</b> | <b>2022<br/>LAKm</b> |
|--------------------------|----------------------|----------------------|
| Loans denominated in LAK | 2,133,026            | 1,283,976            |
| Loans denominated in USD | 4,243,573            | 1,920,693            |
| Loans denominated in THB | 2,553,540            | 1,543,257            |
|                          | <b>8,930,139</b>     | <b>4,747,926</b>     |

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**14. LOANS TO CUSTOMERS, NET OF PROVISION FOR NON-PERFORMING LOANS  
(CONTINUED)**

**14.1 Analysis of loans to customers (continued)**

ii) By the BOL classification

|                             | <b>2023</b>      | <b>2022</b>      |
|-----------------------------|------------------|------------------|
|                             | <b>LAKm</b>      | <b>LAKm</b>      |
| <b>Performing loans</b>     |                  |                  |
| Normal                      | 8,674,847        | 4,470,755        |
| Special mention             | 254,292          | 269,189          |
| <b>Non-performing loans</b> |                  |                  |
| Substandard                 | 547              | 4,215            |
| Doubtful                    | 453              | 3,767            |
|                             | <b>8,930,139</b> | <b>4,747,926</b> |

iii) By economic sector

|                          | <b>2023</b>      | <b>2022</b>      |
|--------------------------|------------------|------------------|
|                          | <b>LAKm</b>      | <b>LAKm</b>      |
| Manufacturing            | 254,444          | 216,406          |
| Services and Commerce    | 7,553,534        | 3,583,235        |
| Construction             | 795,467          | 689,782          |
| Agriculture and forestry | 175,427          | 152,641          |
| Other sectors            | 151,267          | 105,862          |
|                          | <b>8,930,139</b> | <b>4,747,926</b> |

iv) By original term

|                   | <b>2023</b>      | <b>2022</b>      |
|-------------------|------------------|------------------|
|                   | <b>LAKm</b>      | <b>LAKm</b>      |
| Short-term loans  | 3,240,062        | 2,899,725        |
| Medium-term loans | 5,153,036        | 1,445,832        |
| Long-term loans   | 537,041          | 402,369          |
|                   | <b>8,930,139</b> | <b>4,747,926</b> |

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**14. LOANS TO CUSTOMERS, NET OF PROVISION FOR NON-PERFORMING LOANS  
(CONTINUED)**

**14.1 Analysis of loans to customers (continued)**

(v) The provision for credit losses can breakdown of as at 31 December by follow:

|  | <b>2023</b><br><b>LAKm</b> | <b>2022</b><br><b>LAKm</b> |
|--|----------------------------|----------------------------|
| <b>Performing loans (general)</b>      |                            |                            |
| Normal                                 | -                          | -                          |
| Special mention                        | 7,555                      | 7,725                      |
| <b>Non-performing loans (specific)</b> |                            |                            |
| Substandard                            | 109                        | 844                        |
| Doubtful                               | 226                        | 1,833                      |
| Loss                                   | -                          | -                          |
|  | <b>335</b>                 | <b>2,727</b>               |
|  | <b>7,890</b>               | <b>10,452</b>              |



**BIC BANK LAO CO., LTD**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**14. LOANS TO CUSTOMERS, NET OF PROVISION FOR NON-PERFORMING LOANS (CONTINUED)**

**14.2 Changes in provision for credit losses**

|  | Specific<br>provision<br>for NPL | General<br>provision for<br>special mention<br>loans | General<br>Provision for<br>normal or pass<br>loans | Total         |
|--|----------------------------------|--|---|---------------|
| <b>Performing loans</b>                      |                                  |  |   |               |
| Beginning balance as at 1 January 2023       | 2,726                            | 7,725  | 22,354  | 32,805        |
| Provision charged/(reversed) during the year | (2,934)                          | 13,291   | 25,704  | 36,061        |
| Performing loans written-off                 | -                                | (8,996)  | -   | (8,996)       |
| Foreign exchange difference                  | 543                              | (4,465)  | (4,399)   | (8,231)       |
| <b>At 31 December as at 31 December 2023</b> | <b>335</b>                       | <b>7,555</b>   | <b>43,659</b>                                       | <b>51,549</b> |

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023

## 15. CONSTRUCTION IN PROGRESS AND FIXED ASSETS IN TRANSIT

|                                 | 2023<br>LAKm  | 2022<br>LAKm  |
|---------------------------------|---------------|---------------|
| Balance as at 1 January         | 70,492        | 39,272        |
| Additions during the year       | 9,076         | 31,659        |
| Written-off net book value      | (836)         | -             |
| Transferred to fixed assets (i) | (58,802)      | (439)         |
| Balance as at 31 December       | <u>19,930</u> | <u>70,492</u> |

- (i) Transfer the completion of the construction of new building to tangible asset and equipment install in the new building.

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023

16. TANGIBLE FIXED ASSETS, NET

|                                | Building &<br>Improvement<br>LAKm | Office<br>equipment<br>LAKm | Furniture &<br>fixtures<br>LAKm | Motor<br>vehicles<br>LAKm | Total<br>LAKm  |
|--------------------------------|-----------------------------------|-----------------------------|---------------------------------|---------------------------|----------------|
| <b>As at 1 January 2023</b>    |                                   |                             |                                 |                           |                |
| Cost                           | 10,440                            | 7,694                       | 2,440                           | 3,207                     | 23,781         |
| Less: Accumulated depreciation | (7,437)                           | (6,011)                     | (2,050)                         | (1,636)                   | (17,134)       |
| <b>Net book value</b>          | <b>3,003</b>                      | <b>1,683</b>                | <b>390</b>                      | <b>1,571</b>              | <b>6,647</b>   |
| <b>For the year ended</b>      |                                   |                             |                                 |                           |                |
| <b>31 December 2023</b>        |                                   |                             |                                 |                           |                |
| Opening net book value         | 3,003                             | 1,684                       | 390                             | 1,572                     | 6,647          |
| Addition (i)                   | 46,027                            | 17,815                      | 27                              | 3,115                     | 66,984         |
| Transfer in/(out) (ii)         | 57,419                            | 1,384                       | -                               | -                         | 58,803         |
| Disposals and write-off        | (321)                             | (3)                         | (5)                             | -                         | (329)          |
| Depreciation charge            | (2,090)                           | (4,569)                     | (261)                           | (464)                     | (7,384)        |
| <b>Closing net book value</b>  | <b>104,038</b>                    | <b>16,310</b>               | <b>151</b>                      | <b>4,222</b>              | <b>124,721</b> |
| <b>As at 31 December 2023</b>  |                                   |                             |                                 |                           |                |
| Cost                           | 111,867                           | 26,547                      | 2,004                           | 6,322                     | 146,740        |
| Less: Accumulated depreciation | (7,829)                           | (10,237)                    | (1,853)                         | (2,100)                   | (22,019)       |
| <b>Net book value</b>          | <b>104,038</b>                    | <b>16,311</b>               | <b>151</b>                      | <b>4,223</b>              | <b>124,721</b> |

(i) The additions mainly come from equipment install in the new building transfer in current year

(ii) Transfer the completion of new building from construction in progress

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023

17. INTANGIBLE ASSETS, NET

|                               | Land use rights<br>LAKm | Software<br>LAKm | Pre-operating cost<br>LAKm | Total<br>LAKm |
|-------------------------------|-------------------------|------------------|----------------------------|---------------|
| <b>As at 1 January 2023</b>   |                         |                  |                            |               |
| Cost                          | 41,979                  | 15,260           | 47                         | 57,286        |
| Accumulated amortisation      | -                       | (11,916)         | (32)                       | (11,948)      |
| <b>Net book value</b>         | <b>41,979</b>           | <b>3,344</b>     | <b>15</b>                  | <b>45,338</b> |
| <b>For the year ended</b>     |                         |                  |                            |               |
| <b>31 December 2023</b>       |                         |                  |                            |               |
| Opening net book value        | 41,979                  | 3,344            | 15                         | 45,338        |
| Addition                      | -                       | 282              | -                          | 282           |
| Amortisation charge           | -                       | (1,211)          | (15)                       | (1,226)       |
| <b>As at 31 December 2023</b> | <b>41,979</b>           | <b>2,415</b>     | <b>-</b>                   | <b>44,394</b> |
| <b>As at 31 December 2023</b> |                         |                  |                            |               |
| Cost                          | 41,979                  | 15,542           | 47                         | 57,568        |
| Accumulated amortisation      | -                       | (13,127)         | (47)                       | (13,174)      |
| <b>Net book value</b>         | <b>41,979</b>           | <b>2,415</b>     | <b>-</b>                   | <b>44,394</b> |

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023

## 18. RIGHT-OF-USE ASSETS

|  | <u>LAKm</u>         |
|--|---------------------|
| <b>As at 1 January 2023</b>                |                     |
| Cost                                       | 4,617               |
| Accumulated amortisation                   | <u>(2,099)</u>      |
| <b>Net book amount</b>                     | <u><b>2,518</b></u> |
| <b>For the year ended 31 December 2023</b> |                     |
| Opening net book amount                    | 2,518               |
| Additions                                  | 460                 |
| Disposal cost                              | (746)               |
| Written-off accumulate amortisation        | 746                 |
| Amortisation charge                        | <u>(674)</u>        |
| <b>Closing net book amount</b>             | <u><b>2,304</b></u> |
| <b>As at 31 December 2023</b>              |                     |
| Cost                                       | 4,331               |
| Accumulated amortisation                   | <u>(2,027)</u>      |
| <b>Net book amount</b>                     | <u><b>2,304</b></u> |



**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**19. OTHER ASSETS**

|  | 2023<br>LAKm   | 2022<br>LAKm   |
|--|----------------|----------------|
| <b>Accrued interest receivables from</b> | <b>35,268</b>  | <b>13,087</b>  |
| Deposit at other banks                   | 830            | -              |
| Loans to customers                       | 34,438         | 13,087         |
| <b>Deferred tax receivable</b>           | <b>5,585</b>   | <b>5,585</b>   |
| <b>Tax receivable</b>                    | <b>-</b>       | <b>2,648</b>   |
| <b>Other assets</b>                      | <b>758,296</b> | <b>818,924</b> |
| Prepaid interest for customer deposits   | -              | 4,254          |
| Prepaid expenses waiting to be allocated | 7,269          | 1,456          |
| Advance payment to another bank          | 504            | 229            |
| Advance to related parties (i)           | 593,731        | 517,001        |
| Visa cheque receivables (ii)             | 3,816          | 270,426        |
| Others (iii)                             | 152,975        | 21,000         |
|  | <b>799,148</b> | <b>835,686</b> |

- (i) This balance includes an advance to BIC (Cambodia) Bank Public Limited Company with the amount of USD 26.3 million under an investment agreement signed on 23 November 2022.
- (ii) This is the receivable from the client and the decrease is come from 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.
- (iii) Other mainly come from an advance payment for land purchased with Lao Asset Management Company, which is currently in the process of transferring right.

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**20. DUE TO OTHER BANKS**

|                            | <b>2023</b><br><b>LAKm</b> | <b>2022</b><br><b>LAKm</b> |
|----------------------------|----------------------------|----------------------------|
| <b>Demand deposits</b>     | <b>104,077</b>             | <b>66,506</b>              |
| Domestic banks             | 103,199                    | 54,741                     |
| Overseas banks             | 878                        | 11,765                     |
| <b>Term deposits</b>       | <b>5,672,643</b>           | <b>1,930,961</b>           |
| Domestic banks             | 5,672,643                  | 1,930,961                  |
| <b>Borrowings</b>          | <b>35,685</b>              | <b>36,320</b>              |
| Borrowings from other bank | 35,685                     | 36,320                     |
|                            | <b>5,812,405</b>           | <b>2,033,787</b>           |

Interest rates for amounts due to other banks during the year are as follows:

|                  | <b>2023</b><br><b>% per annum</b> | <b>2022</b><br><b>% per annum</b> |
|------------------|-----------------------------------|-----------------------------------|
| Current deposits | No interest                       | No interest                       |
| Term deposits    | 5.00% - 6.00%                     | 5.00% - 6.00%                     |

**i) Analysis by currency**

|                | <b>2023</b><br><b>LAKm</b> | <b>2022</b><br><b>LAKm</b> |
|----------------|----------------------------|----------------------------|
| Deposit in LAK | 1,185,686                  | 450,000                    |
| Deposit in USD | 2,439,464                  | 141,795                    |
| Deposit in THB | 2,187,255                  | 1,405,672                  |
|                | <b>5,812,405</b>           | <b>1,997,467</b>           |

**ii) Analysis by maturity**

|                    | <b>2023</b><br><b>LAKm</b> | <b>2022</b><br><b>LAKm</b> |
|--------------------|----------------------------|----------------------------|
| Within 3 months    | -                          | -                          |
| 4 to 6 months      | 450,000                    | -                          |
| More than 6 months | 5,222,643                  | 1,930,961                  |
|                    | <b>5,672,643</b>           | <b>1,0930,961</b>          |

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**21. DUE TO CUSTOMERS**

Amounts due to customers as at 31 December 2023:

|                  | <b>LAK balance<br/>LAKm</b> | <b>Foreign currency<br/>balances<br/>LAKm</b> | <b>Total<br/>LAKm</b> |
|------------------|-----------------------------|---|-----------------------|
| Current deposits | 106,973                     | 683,030                                       | 790,004               |
| Saving deposits  | 57,655                      | 301,776                                       | 359,431               |
| Term deposits    | 739,009                     | 2,546,065                                     | 3,285,074             |
| Margin deposits  | 16                          | -   | 16                    |
|                  | <b>903,654</b>              | <b>3,530,871</b>                              | <b>4,434,525</b>      |

Amounts due to customers as at 31 December 2022:

|                  | <b>LAK balance<br/>LAKm</b> | <b>Foreign currency<br/>balances<br/>LAKm</b> | <b>Total<br/>LAKm</b> |
|------------------|-----------------------------|---|-----------------------|
| Current deposits | 240,800                     | 492,519                                       | 733,319               |
| Saving deposits  | 43,525                      | 258,309                                       | 301,834               |
| Term deposits    | 559,873                     | 2,289,555                                     | 2,849,428             |
| Margin deposits  | 66                          | -   | 66                    |
|                  | <b>844,264</b>              | <b>3,040,383</b>                              | <b>3,884,647</b>      |

Annual interest rates for amounts due to customer:

|                            | <b>2023<br/>% per annum</b> | <b>2022<br/>% per annum</b> |
|----------------------------|-----------------------------|-----------------------------|
| Demand deposit in LAK      | No interest                 | No interest                 |
| Demand deposit in FC       | No interest                 | No interest                 |
| Daily deposit in LAK       | 0.00% - 0.50%               | 0.00% - 0.50%               |
| Daily deposit in FC        | 0.00% - 0.75%               | 0.00% - 0.75%               |
| Saving deposit in LAK      | 1.75% - 3.00%               | 1.75% - 3.00%               |
| Saving deposit in FC       | 1.25% - 3.00%               | 1.25% - 3.00%               |
| Fixed term deposits in LAK | 3.16%-6.90%                 | 3.16%-6.90%                 |
| Fixed term deposits in FC  | 3.00% - 7.00%               | 3.00% - 7.00%               |

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**22. OTHER LIABILITIES**

|                                    | <b>2023</b><br><b>LAKm</b> | <b>2022</b><br><b>LAKm</b> |
|------------------------------------|----------------------------|----------------------------|
| <b>Accrued interest payable to</b> | <b>235,004</b>             | <b>104,356</b>             |
| Due to other banks                 | 132,035                    | 35,397                     |
| Customer deposits                  | 102,489                    | 68,959                     |
| Borrowings from other banks        | 480                        | -                          |
| <b>Tax payables</b>                | <b>2,385</b>               | <b>536</b>                 |
| <b>Deferred tax liabilities</b>    | <b>3,779</b>               | <b>6,120</b>               |
| <b>Other liabilities</b>           | <b>358,248</b>             | <b>27,654</b>              |
| Payable to related parties (i)     | 69,511                     | -                          |
| Payables to employees              | 4,061                      | 897                        |
| Payables to BOL                    | -                          | 19,364                     |
| Accrued expenses                   | 10,266                     | 3,361                      |
| Lease liability                    | 2,662                      | 1,165                      |
| Others                             | 271,748                    | 2,867                      |
|                                    | <b>599,416</b>             | <b>138,666</b>             |

- (i) This include of the payable of the construction of new building to ASL Construction Company Limited and dividend payable to Asia Investments & Financial Services Co., Ltd ("AIF").

**23. SHARE CAPITAL**

|                           | <b>2023</b><br><b>LAKm</b> | <b>2022</b><br><b>LAKm</b> |
|---------------------------|----------------------------|----------------------------|
| As at 1 January           | 400,000                    | 400,000                    |
| Additions during the year | -                          | -                          |
| As a 31 December          | <b>400,000</b>             | <b>400,000</b>             |

Paid-up capital represents the up-to-date capital contributed by Asia Investment and Financial Services Co., Ltd amount LAK 280,000 million and Electricite Du Laos amount LAK 120,000 million.

As at the date of this report, the contributes capital LAK 400,000 million, which doesn't meet the required LAK 1000,000 million stipulated by No.95/Bol dated 30 August 2023 that effective on 15 September 2023. The decree requires all commercial bank in lao PDR to increase their charter capital to LAK 1000,000 million. Management is in process of discussing their plan with shareholder and the bol and believe that the bank can comply with this decree with no significant effect on business.

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**24. CASH AND CASH EQUIVALENTS**

|   | <b>2023</b><br><b>LAKm</b> | <b>2022</b><br><b>LAKm</b> |
|---|----------------------------|----------------------------|
| Cash on hand (Note 11.1)                                | 118,217                    | 47,794                     |
| Demand deposit with the BOL (Note 11.2)                 | 855,546                    | 565,943                    |
| Demand and saving deposit with other banks<br>(Note 12) | 222,332                    | 60,270                     |
| Fixed deposits at other banks                           | 50,000                     | 50,000                     |
|   | <b>1,196,095</b>           | <b>724,007</b>             |

**25. INCOME TAX EXPENSE**

In accordance with Tax Law in effect as at the statement of financial position date, the Bank has an obligation to pay 20% profit tax on taxable profit. The income tax expense for the year ended 31 December 2023 was calculated from the net profit for the year adjusted for non-deductible expenses and non-taxable income in accordance with the Tax Law.

|  | <b>2023</b><br><b>LAKm</b> | <b>2022</b><br><b>LAKm</b> |
|--|----------------------------|----------------------------|
| <b>Profit/(Loss) before tax</b>  | <b>20,686</b>              | <b>14,446</b>              |
| Less:  |                            |                            |
| Non-taxable income   | (49,681)                   | (75,507)                   |
| Add:   |                            |                            |
| Non-deductible expenses  | 61,388                     | 44,909                     |
| <b>Taxable profit</b>  | <b>32,393</b>              | <b>(16,152)</b>            |
| <b>Current profit tax at 20%</b>   | <b>6,479</b>               | <b>-</b>                   |
| Tax adjustment for previous years based on<br>result of tax authority's inspection | -                          | -                          |
|  | <b>6,479</b>               | <b>-</b>                   |
| Payable at the beginning of the year   | (2,648)                    | (2,446)                    |
| Current profit tax for the year  | 6,479                      | -                          |
| Tax paid during the year   | (2,700)                    | (202)                      |
| <b>Payable at the end of the year</b>  | <b>1,130</b>               | <b>(2,648)</b>             |



**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**26. DEFERRED TAX EXPENSE**

|  | <b>2023</b><br><b>LAKm</b> | <b>2022</b><br><b>LAKm</b> |
|--|----------------------------|----------------------------|
| Deducible temporary differences  | -                          | 27,923                     |
| In which:  |                            | -                          |
| From tax loss carried forward utilization  | -                          | 27,923                     |
| <b>Deferred tax asset (Tax rate 20%)</b>   | <b>-</b>                   | <b>5,585</b>               |
| Taxable temporary differences  | 11,708                     | (30,598)                   |
| In which:  |                            |                            |
| Difference in gain/(loss) from dealing in foreign currencies between Tax base and Accounting base of CIT calculation | 11,708                     | (30,598)                   |
| <b>Deferred tax liabilities (Tax rate 20%)</b>   | <b>2,342</b>               | <b>(6,120)</b>             |
| <b>Net deferred tax credit to the income statement</b>   | <b>2,342</b>               | <b>(535)</b>               |

**27. RELATED PARTY BALANCES AND TRANSACTIONS**

27.1 Significant transactions with related parties during the year 2023 are as follows:

|                             | <b>2023</b><br><b>LAKm</b> | <b>2022</b><br><b>LAKm</b> |
|-----------------------------|----------------------------|----------------------------|
| <b>Shareholder:</b>         |                            |                            |
| - Management fee            | (15,771)                   | (11,293)                   |
| <b>Related parties:</b>     |                            |                            |
| Entity under common control |                            |                            |
| - Interest income from      | 54,424                     | 122,865                    |
| - Interest expense from     | (28,246)                   | (25,424)                   |

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**27. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)**

27.2 Significant balances with related parties as at 31 December 2023 are as follows:

|                             | <b>2023</b> | <b>2022</b> |
|-----------------------------|-------------|-------------|
|                             | <b>LAKm</b> | <b>LAKm</b> |
| <b>Shareholder:</b>         |             |             |
| - Daily deposit             | 3,260       | (691)       |
| - Current deposit           | 70,830      | 68,433      |
| - Loan to                   | -           | 51,804      |
| - Other receivable          | -           | 23,804      |
| <b>Related parties:</b>     |             |             |
| Entity under common control |             |             |
| - Daily deposit             | 5           | 4,478       |
| - Current deposit           | 195,808     | 50,344      |
| - Saving deposit            | 46,308      | 37,293      |
| - Fixed deposit             | 1,222,003   | 154,824     |
| - Loan to                   | 1,035,315   | 617,212     |
| - Other receivable          | 593,731     | 447,849     |
| - Other liabilities         | 62,777      | -           |

**28. EVENTS AFTER THE REPORTING DATE**

There are no events after the reporting date that require disclosure or adjustment in financial statements of the Bank.