

Reference: 61042000/18917948

INDEPENDENT AUDITORS' REPORT

To: The Management of Maybank Lao Branch

Opinion

We have audited the financial statements of Maybank Lao Branch ("the Branch"), which comprise the balance sheet as at 31 December 2016, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Emphasis of Matter

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

Other Matter

We draw attention to Note 2.2 to the financial statement on basis of preparation, which describes the purpose of presenting reference figures in USD in additions to LAK'000. The equivalent amounts in USD are presented in the accompanying financial statements for the purpose of the Branch's internal use only and should not be used for any other purpose.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial statements

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

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

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

We communicate with those charged with governance 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.

Ernst & Young Lao Ltd



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ERNST & YOUNG
LAO CO.,LTD
ຫລວງ ວຽງຈັນ

Vientiane, Lao P.D.R

9 March 2017

Maybank Lao Branch

INCOME STATEMENT
for the year ended 31 December 2016

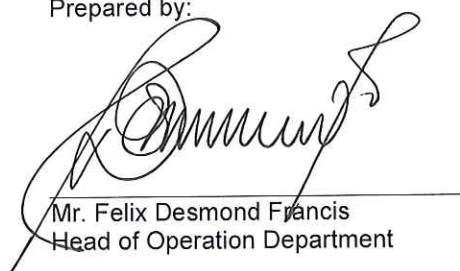
Code	ITEMS	Notes	2016 in LAK'000	2015 in LAK'000	2016 in USD equivalent	2015 in USD equivalent
A.	OPERATING INCOME AND EXPENSES					
1.	Interest and similar income	3	112,244,890	108,657,823	13,726,904	13,343,709
1.1	Interest and similar income from interbank transactions		92,538,598	91,978,074	11,316,938	11,295,355
1.2	Interest and similar income from loans to customers		19,706,292	16,679,749	2,409,966	2,048,354
2.	Interest and similar expenses	3	(62,582,143)	(61,712,746)	(7,653,436)	(7,578,625)
2.1	Interest and similar expenses for interbank transactions		(57,282,400)	(57,940,507)	(7,005,308)	(7,115,376)
2.2	Interest and similar expenses for customers deposits		(5,299,743)	(3,772,239)	(648,128)	(463,249)
I.	NET INTEREST AND SIMILAR INCOME		49,662,747	46,945,077	6,073,468	5,765,084
3	Fee and commission income	4	2,619,767	2,210,565	320,382	271,468
4	Fee and commission expenses	4	(254,954)	(78,953)	(31,179)	(9,696)
5	Net (loss)/gain from dealing in foreign currencies	5	(102,932)	340,863	(12,588)	41,860
II.	NET OPERATING INCOME		51,924,628	49,417,552	6,350,083	6,068,716
B	OTHER INCOME AND EXPENSES					
6	Other operating income	6	1,057,611	2,476,486	129,340	304,125
7	Administration expenses		(10,019,139)	(9,383,563)	(1,225,283)	(1,152,347)
7.1	Payroll and other staff costs	7	(6,391,619)	(5,763,683)	(781,658)	(707,808)
7.2	Other administration expenses	8	(3,627,520)	(3,619,880)	(443,625)	(444,539)
8	Depreciation and amortization charges		(1,262,320)	(1,497,133)	(154,374)	(183,853)
9	Other operating expenses	9	(779,010)	(2,324,001)	(95,268)	(285,399)

Maybank Lao Branch

INCOME STATEMENT (continued)
for the year ended 31 December 2016



Code	ITEMS	Notes	2016 in LAK'000	2015 in LAK'000	2016 in USD equivalent	2015 in USD equivalent
10	Net provision charges for non-performing loans	13.2	11,348,678	(24,774,646)	1,387,878	(3,042,447)
10.1	Provision expense for non-performing loans		(14,993,490)	(35,902,437)	(1,833,617)	(4,408,994)
10.2	Reversal of provision for non-performing loans		26,342,168	11,127,791	3,221,495	1,366,547
III.	TOTAL PROFIT BEFORE TAX		52,270,448	13,914,695	6,392,376	1,708,795
11	Current profit tax	18	(12,544,907)	(3,364,706)	(1,534,170)	(413,202)
IV.	PROFIT AFTER TAX		39,725,541	10,549,989	4,858,206	1,295,593

Prepared by:



Mr. Felix Desmond Francis
Head of Operation Department

Reviewed by:

Mr. Lim Wai Hoong
General Manager

Vientiane, Lao P.D.R

9 March 2017

Maybank Lao Branch

BALANCE SHEET
as at 31 December 2016

<i>Code</i>	<i>ASSETS</i>	<i>Notes</i>	<i>31/12/2016 in LAK'000</i>	<i>31/12/2015 in LAK'000</i>	<i>31/12/2016 in USD equivalent</i>	<i>31/12/2015 in USD equivalent</i>
I	Cash and balances with the Bank of Lao P.D.R		2,001,548,233	1,979,530,770	244,777,820	243,096,006
1	Cash on hand	10	3,807,177	3,681,768	465,596	452,140
2	Demand deposits	11	117,031,056	102,959,002	14,312,224	12,643,866
3	Term deposits	11	1,880,710,000	1,872,890,000	230,000,000	230,000,000
II	Amounts due from other banks		177,853,652	109,250,615	21,750,477	13,416,507
1	Demand deposits	12.1	114,564,652	70,308,615	14,010,597	8,634,240
2	Term deposits	12.2	63,289,000	38,942,000	7,739,880	4,782,267
III	Loans and advances to customers, net of provision for non- performing loans	13	171,422,139	194,315,122	20,963,940	23,862,842
IV	Fixed assets		4,941,294	5,964,487	604,292	732,467
1	Tangible fixed assets	14.1	4,751,694	5,878,371	581,105	721,893
2	Intangible fixed assets	14.2	24,354	21,763	2,978	2,673
3	Fixed assets in transit	14.3	165,246	64,353	20,209	7,901
V	Other assets		32,555,772	42,880,956	3,981,384	5,265,988
1	Accrued interest receivables		30,798,990	30,238,849	3,766,539	3,713,476
2	Other assets	15	1,756,782	12,642,107	214,845	1,552,512
	TOTAL ASSETS		2,388,321,090	2,331,941,950	292,077,913	286,373,810

Maybank Lao Branch

BALANCE SHEET (continued)
as at 31 December 2016


Code	LIABILITIES AND CAPITAL	Notes	31/12/2016 in LAK'000	31/12/2015 in LAK'000	31/12/2016 in USD equivalent	31/12/2015 in USD equivalent
I	Amounts due to other banks		1,987,987,201	2,044,535,156	243,119,384	251,078,858
1	Demand deposits	16.1	60,609,201	52,159,656	7,412,156	6,405,458
2	Term deposits	16.2	1,927,378,000	1,992,375,500	235,707,228	244,673,400
II	Amounts due to customers	17	219,036,243	143,074,379	26,786,871	17,570,230
1	Demand deposits		78,222,010	35,810,453	9,566,101	4,397,698
2	Saving deposits		29,058,366	20,696,428	3,553,671	2,541,622
3	Term deposits		103,853,032	86,567,498	12,700,628	10,630,910
4	Other payable to customers		7,902,835	-	966,471	-
III	Other liabilities		23,373,687	25,997,997	2,858,467	3,192,682
1	Accrued interest payables		19,409,601	19,635,275	2,373,682	2,411,309
2	Taxes payable	18	2,883,896	825,068	352,684	101,322
3	Other payables	19	1,080,190	5,537,654	132,101	680,051
	TOTAL LIABILITIES		2,230,397,131	2,213,607,532	272,764,722	271,841,770
IV	Capital and reserves					
1	Paid-up capital	20	100,661,400	100,661,400	12,310,309	12,361,709
2	Regulatory reserve fund		5,627,278	1,654,724	688,184	203,209
3	General provision for credit activities	13.2	1,035,566	1,125,776	126,644	138,251
4	Undistributed earnings		50,599,715	14,892,518	6,188,054	1,828,871
	TOTAL CAPITAL		157,923,959	118,334,418	19,313,191	14,532,040
	TOTAL LIABILITIES AND CAPITAL		2,388,321,090	2,331,941,950	292,077,913	286,373,810

Maybank Lao Branch

BALANCE SHEET (continued)
as at 31 December 2016

Code	OFF BALANCE SHEET ITEMS	31/12/2016 in LAK'000	31/12/2015 in LAK'000	31/12/2016 in USD equivalent	31/12/2015 in USD equivalent
I	Commitments given				
1	Commitments for financing given to customers	101,669,958	16,265,745	12,433,650	1,997,513
	TOTAL COMMITMENTS GIVEN	101,669,958	16,265,745	12,433,650	1,997,513
II	Collaterals and Mortgages				
A	Collaterals and Mortgages for loans				
1	Collaterals and Mortgages for loans to customers	534,443,716	916,140,128	65,359,388	112,506,463
		534,443,716	916,140,128	65,359,388	112,506,463
B	Collaterals and Mortgages for guarantees				
1	Collaterals and Mortgages for guarantees given to customers	101,710,628	153,375,845	12,438,624	18,807,658
		101,710,628	153,375,845	12,438,624	18,807,658
	COLLATERALS AND MORTGAGES	636,154,344	1,069,515,973	77,798,012	131,314,121

Prepared by:



Mr. Felix Desmond Francis
Head of Operation Department

Reviewed by:




Mr. Lim Wai Hoong
General Manager

Vientiane, Lao P.D.R

9 March 2017

Maybank Lao Branch

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016


ITEMS	Paid-up capital in LAK'000	Regulatory reserve fund in LAK'000	General provision for credit activities in LAK'000	Undistributed earnings in LAK'000	Total in LAK'000
Balance as at 31 December 2015	100,661,400	1,654,724	1,125,776	14,892,518	118,334,418
Net profit for the year	-	-	-	39,725,541	39,725,541
Appropriation to regulatory reserve fund for the year	-	3,972,554	-	(3,972,554)	-
General provision charged during the year	-	-	694,739	-	694,739
Reversal of general provision during the year	-	-	(788,001)	-	(788,001)
Adjustment of PT for 2014	-	-	-	(35,525)	(35,525)
Adjustment of VAT for 2014	-	-	-	(10,265)	(10,265)
Foreign exchange differences	-	-	3,052	-	3,052
Balance as at 31 December 2016	100,661,400	5,627,278	1,035,566	50,599,715	157,923,959

Maybank Lao Branch

STATEMENT OF CHANGES IN EQUITY (continued)
for the year ended 31 December 2016

ITEMS	Paid-up capital in USD equivalent	Regulatory reserve funds in USD equivalent	General provision for credit activities in USD equivalent	Undistributed earnings in USD equivalent	Total in USD equivalent
Balance as at 31 December 2015	12,361,709	203,209	138,251	1,828,871	14,532,040
Net profit for the year	-	-	-	4,858,206	4,858,206
Appropriation to regulatory reserve fund for the year	-	-	84,963	-	84,963
General provision charged during the year	-	-	(96,368)	-	(96,368)
Reversal of general provision during the year	-	485,820	-	(485,820)	-
Adjustment of PT as per tax finalization minute for 2014	-	-	-	(4,345)	(4,345)
Adjustment of VAT as per tax finalization minute for 2014	-	-	-	(1,255)	(1,255)
Foreign exchange differences	(51,400)	(845)	(202)	(7,603)	(60,050)
Balance as at 31 December 2016	12,310,309	688,184	126,644	6,188,054	19,313,191

Prepared by:


Mr. Felix Desmond Francis
Head of Operation Department

Vientiane, Lao P.D.R

9 March 2017

Reviewed by:





Mr. Lim Wai Hoong
General Manager

Maybank Lao Branch

CASH FLOW STATEMENT for the year ended 31 December 2016

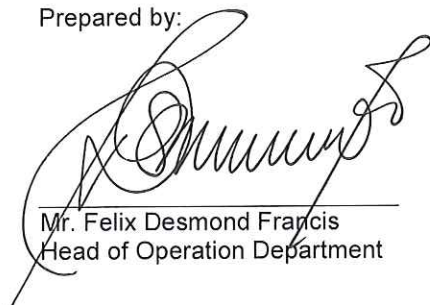
ITEMS	Notes	2016 in LAK'000	2015 in LAK'000	2016 in USD equivalent	2015 in USD equivalent
Net profit before tax		52,270,448	13,914,695	6,392,376	1,708,795
<i>Adjustments for:</i>					
Depreciation and amortization charges		1,262,320	1,497,133	154,374	183,853
Loan loss provision expenses	13.2	15,688,229	38,162,885	1,918,580	4,686,588
Reversal of provision for credit losses of loans to customers	13.2	(27,130,169)	(13,285,091)	(3,317,863)	(1,631,474)
Net cash flows from operations before changes in operating assets and liabilities		42,090,828	40,289,622	5,147,467	4,947,762
(Increase)/Decrease in operating assets					
Balances with other banks		(31,745,809)	(27,391,368)	(3,882,330)	(3,363,793)
Loans and advances to customers		34,137,822	(14,827,439)	4,174,859	(1,820,882)
Accrued interest receivables		(560,141)	(42,401)	(68,502)	(5,207)
Other assets		10,992,216	(10,191,632)	1,344,284	(1,249,711)
Increase/(Decrease) in operating liabilities					
Deposits and borrowings from other banks		(56,547,955)	33,235,622	(6,915,489)	4,081,496
Customer deposits and other amounts due to customers		75,961,864	75,733,852	9,289,698	9,300,485
Accrued interest payables		(225,674)	1,090,589	(27,599)	133,930
Other liabilities		(4,395,432)	2,800,054	(537,536)	343,864
Profit tax paid during the year	18	(10,593,508)	(4,566,732)	(1,295,876)	(562,690)
Net cash flows from operating activities		59,114,211	96,130,167	7,228,976	11,805,254
INVESTING ACTIVITIES					
Payments to acquire property and equipment		(239,520)	(26,826)	(29,292)	(3,294)
Net cash flows used in investing activities		(239,520)	(26,826)	(29,292)	(3,294)

Maybank Lao Branch

CASH FLOW STATEMENT (continued)
for the year ended 31 December 2016

ITEMS	Notes	2016	2015	2016	2015
		In LAK'000	In LAK'000	in USD equivalent	in USD equivalent
FINANCING ACTIVITIES					
Net cash flows from financing activities		-	-	-	-
Net change in cash and cash equivalents		58,874,691	96,103,341	7,199,684	11,801,960
Cash and cash equivalents at the beginning of the year		152,724,485	56,621,144	18,755,310	7,009,303
Effect of foreign exchange differences		-	-	(77,634)	(55,953)
Cash and cash equivalents at the end of the year	21	211,599,176	152,724,485	25,877,360	18,755,310

Prepared by:

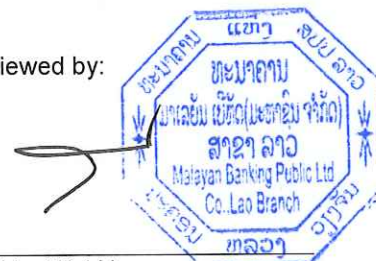


Mr. Felix Desmond Francis
Head of Operation Department

Vientiane, Lao P.D.R

9 March 2017

Reviewed by:



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