

Reference: 61317474/ 20598948 -LAS

INDEPENDENT AUDITORS' REPORT

To: The Management of Maybank Nongduang Branch

Opinion

We have audited the financial statements of Maybank Nongduang Branch ("the Branch"), which comprise the balance sheet as at 31 December 2018, 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 PDR and with the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 of 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 of the financial statements on the basis of preparation, which describes the purpose of presenting reference figures in USD in addition 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 the Branch's Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the 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 the Branch's 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 the Branch's 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.

Ernst & Young Lao Co., Ltd.



Vientiane, Lao PDR

31 March 2019

Maybank Nongduang Branch

INCOME STATEMENT
for the year ended 31 December 2018

Code	ITEMS	Notes	2018 LAK'000	2017 LAK'000	2018 USD equivalent	2017 USD equivalent
A.	OPERATING INCOME AND EXPENSES					
1.	Interest and similar income	3	4,306,211	5,360,725	505,127	646,962
1.1	Interest and similar income from interbank transactions		448,783	848,364	52,643	102,385
1.2	Interest and similar income from loans to customers		3,857,428	4,512,361	452,484	544,577
2.	Interest and similar expenses	3	(454,436)	(213,033)	(53,306)	(25,710)
2.1	Interest and similar expenses for interbank transactions		(139,332)	-	(16,344)	-
2.2	Interest and similar expenses for customers deposits		(315,104)	(213,033)	(36,962)	(25,710)
I.	NET INTEREST AND SIMILAR INCOME		3,851,775	5,147,692	451,821	621,252
3	Fee and commission income	4	244,237	186,020	28,650	22,450
4	Fee and commission expenses	4	(5,019)	(10,745)	(589)	(1,297)
5	Net loss from dealing in foreign currencies	5	(248,709)	(107,095)	(29,174)	(12,925)
II.	NET OPERATING INCOME		3,842,284	5,215,872	450,708	629,480
B	OTHER INCOME AND EXPENSES					
6	Other operating income	6	100,070	744,924	11,738	89,901
7	Administration expenses		(2,308,527)	(1,886,738)	(270,795)	(227,702)
7.1	Payroll and other staff costs	7	(1,130,460)	(819,928)	(132,605)	(98,953)
7.2	Other administration expenses	8	(1,178,067)	(1,066,810)	(138,190)	(128,749)
8	Depreciation and amortization charges	14	(1,133,299)	(1,982,225)	(132,938)	(239,226)
9	Other operating expenses	9	(36,999)	(804,958)	(4,340)	(97,146)

Maybank Nongduang Branch

INCOME STATEMENT (continued)
for the year ended 31 December 2018

Code	ITEMS	Notes	2018 LAK'000	2017 LAK'000	2018 USD equivalent	2017 USD equivalent
10	Net provision charges for non-performing loans	13.2	(8,565,543)	-	(1,004,756)	-
III.	TOTAL (LOSS)/PROFIT BEFORE TAX		(8,102,014)	1,286,875	(950,383)	155,307
11	Current profit tax	18.3	-	-	-	-
IV.	(LOSS)/PROFIT AFTER TAX		(8,102,014)	1,286,875	(950,383)	155,307

Prepared by:



Mr. Sithipon Sisudajan
Head of Finance Department

Reviewed by:



Ms. Phengsomchith Phonphosy
Branch Manager

Vientiane, Lao PDR

31 March 2019

Maybank Nongduang Branch

BALANCE SHEET
as at 31 December 2018

Code	ASSETS	Notes	31/12/2018 LAK'000	31/12/2017 LAK'000	31/12/2018 USD equivalent	31/12/2017 USD equivalent
I	Cash and balances with Bank of the Lao PDR ("the BOL")		38,763,430	56,597,173	4,547,030	6,830,458
1	Cash on hand	10	2,097,855	3,543,478	246,083	427,646
2	Balances with the BOL	11	36,665,575	53,053,695	4,300,947	6,402,812
II	Due from banks	12	24,332,982	8,000,000	2,854,308	965,484
1	Demand deposits		332,982	-	39,059	-
2	Term deposits	12	24,000,000	8,000,000	2,815,249	965,484
III	Loans and advances to customers, net of provision for non-performing loans	13	55,781,712	50,946,595	6,543,309	6,148,515
IV	Fixed assets		4,487,809	5,668,501	526,429	684,106
1	Tangible fixed assets	14.1	4,487,809	5,506,901	526,429	664,603
2	Intangible assets	14.2	-	161,600	-	19,503
V	Other assets		522,410	850,235	61,279	102,611
1	Accrued interest receivables		384,430	475,479	45,094	57,383
2	Other assets	15	137,980	374,756	16,185	45,228
	TOTAL ASSETS		123,888,343	122,062,504	14,532,355	14,731,174

Maybank Nongduang Branch

BALANCE SHEET (continued)
as at 31 December 2018

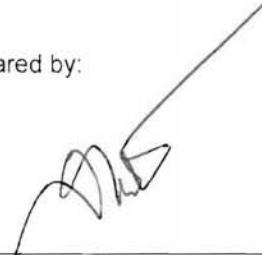
<i>Code</i>	<i>LIABILITIES AND CAPITAL</i>	<i>Notes</i>	<i>31/12/2018 LAK'000</i>	<i>31/12/2017 LAK'000</i>	<i>31/12/2018 USD equivalent</i>	<i>31/12/2017 USD equivalent</i>
I	Due to banks	16	8,000,000	10,552,398	938,416	1,273,521
1	Demand deposits		-	10,552,398	-	1,273,521
2	Term deposits		8,000,000	-	938,416	-
II	Due to customers	17	23,457,097	11,048,933	2,751,566	1,333,446
1	Demand deposits		2,574,350	2,855,615	301,977	344,631
2	Saving deposits		6,561,943	5,652,494	769,729	682,174
3	Term deposits		14,320,804	2,540,824	1,679,860	306,641
III	Other liabilities		681,914	592,976	79,988	71,563
1	Accrued interest payables		262,182	48,067	30,754	5,801
2	Tax payables	18.1	34,575	51,605	4,056	6,228
3	Other payables	19	385,157	493,304	45,178	59,535
	TOTAL LIABILITIES		32,139,011	22,194,307	3,769,970	2,678,531
IV	Capital and reserves					
1	Paid-up capital	20	100,121,729	100,121,729	11,744,484	12,083,240
2	Provision for performing loans	13.2	237,882	254,733	27,904	30,743
3	Undistributed earnings		(8,610,279)	(508,265)	(1,010,003)	(61,340)
	TOTAL CAPITAL		91,749,332	99,868,197	10,762,385	12,052,643
	TOTAL LIABILITIES AND CAPITAL		123,888,343	122,062,504	14,532,355	14,731,174

Maybank Nongduang Branch

BALANCE SHEET (continued)
as at 31 December 2018

Code	OFF BALANCE SHEET ITEMS	31/12/2018 LAK'000	31/12/2017 LAK'000	31/12/2018 USD equivalent	31/12/2017 USD equivalent
I	Commitments given				
1	Commitments for financing given to customers	1,705,000	1,657,200	200,000	200,000
	TOTAL COMMITMENTS GIVEN	1,705,000	1,657,200	200,000	200,000
II	Collaterals and Mortgages				
A	Collaterals and Mortgages for loans	108,892,342	107,686,881	13,141,726	12,996,244
1	Collaterals and Mortgages for loans to customers	108,892,342	107,686,881	13,141,726	12,996,244
B	Collaterals and Mortgages for guarantees	1,705,000	1,657,200	200,000	200,000
1	Collaterals and Mortgages for guarantees given to customers	1,705,000	1,657,200	200,000	200,000
	COLLATERALS AND MORTGAGES	110,597,342	109,344,081	13,341,726	13,196,244

Prepared by:



Mr. Sithipon Sisudajan
Head of Finance Department

Reviewed by:



Ms. Phengsomchith Phonphosy
Branch Manager

Vientiane, Lao PDR

31 March 2019

Maybank Nongduang Branch

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2018

ITEMS	Paid-up capital LAK'000	Regulatory reserve fund LAK'000	Provision for performing loans LAK'000	Accumulated losses LAK'000	Total LAK'000
Balance as at 1 January 2018	100,121,729	-	254,733	(508,264)	99,868,198
Net loss for the year	-	-	-	(8,102,014)	(8,102,014)
Provision for performing loans reserved during the year	-	-	(17,243)	-	(17,243)
Foreign exchange differences	-	-	392	-	392
Balance as at 31 December 2018	100,121,729	-	237,882	(8,610,278)	91,749,333

Maybank Nongduang Branch

STATEMENT OF CHANGES IN EQUITY (continued)
for the year ended 31 December 2018

ITEMS	Paid-up capital USD equivalent	Regulatory reserve funds USD equivalent	Provision for performing loans USD equivalent	Accumulated losses USD equivalent	Total USD equivalent
Balance as at 1 January 2018	12,083,240	-	30,743	(61,340)	12,052,643
Net loss for the year	-	-	-	(950,383)	(950,383)
Provision for performing loans reversed during the year	-	-	(2,023)	-	(2,023)
Foreign exchange differences	(338,756)	-	(816)	1,720	(337,852)
Balance as at 31 December 2018	11,744,484	-	27,904	(1,010,003)	10,762,385

Prepared by:



Mr. Siphon Sisudajan
Head of Finance Department

Vientiane, Lao PDR

31 March 2019



Reviewed by:



Ms. Phengsomchith Phonphosy
Branch Manager

Maybank Nongduang Branch

CASH FLOW STATEMENT for the year ended 31 December 2018

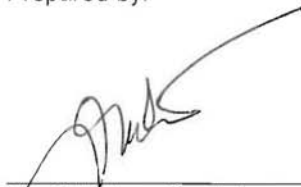
ITEMS	Notes	2018 LAK'000	2017 LAK'000	2018 USD equivalent	2017 USD equivalent
Net (loss)/profit before tax		(8,102,014)	1,286,874	(950,383)	155,307
<i>Adjustments for:</i>					
Depreciation and amortization charges		1,133,299	1,982,226	132,938	239,226
Loan loss provision expenses	13.2	8,548,300	48,510	1,002,734	5,854
Interest income		(4,306,211)	(5,360,725)	(505,127)	(646,962)
Interest expense		454,436	213,033	53,306	25,710
Foreign exchange loss arising from revaluation of monetary accounts denominated in foreign currency		248,709	-	29,174	-
Cash flows used in operations before changes in operating assets and liabilities		(2,023,481)	(1,830,082)	(237,358)	(220,865)
(Increase)/Decrease in operating assets					
Due from banks		(16,932,159)	30,836,003	(1,986,177)	3,721,458
Loans and advances to customers		(13,400,660)	(9,792,578)	(1,571,925)	(1,181,822)
Other assets		1,372,010	249,553	160,940	30,063
Increase/(Decrease) in operating liabilities					
Due to banks		(2,552,398)	(21,579,410)	(299,402)	(2,604,322)
Due to customers		12,408,165	918,033	1,455,503	114,500
Other liabilities		(1,506,794)	216,574	(176,752)	22,430
Interest received		4,397,260	5,457,707	515,809	658,666
Interest paid		(240,320)	(258,687)	(28,190)	(31,220)
Profit tax paid during the year	18	-	-	-	-
Net cash flows (used in)/from operating activities		(18,478,377)	4,217,113	(2,167,552)	508,888
INVESTING ACTIVITIES					
Payments to acquire property and equipment		-	(260,053)	-	(31,385)
Proceeds from disposal of equipment		45,459	-	5,332	-
Net cash flows from/(used) in investing activities		45,459	(260,053)	5,332	(31,385)

Maybank Nongduang Branch

CASH FLOW STATEMENT (continued)
for the year ended 31 December 2018

ITEMS	Notes	2018 LAK'000	2017 LAK'000	2018 USD equivalent	2017 USD equivalent
FINANCING ACTIVITIES					
Net cash flows from financing activities		-	-	-	-
Net change in cash and cash equivalents		(18,432,919)	3,957,060	(2,162,220)	477,503
Cash and cash equivalents at the beginning of the year		30,920,361	26,963,302	3,731,639	3,297,457
Effect of foreign exchange differences		-	-	(104,617)	(43,321)
Cash and cash equivalents at the end of the year	21	12,487,442	30,920,362	1,464,802	3,731,639

Prepared by:



Mr. Sithiphon Sisudajan
Head of Finance Department

Reviewed by:



Ms. Phengsomchith Phonphosy
Branch Manager

Vientiane, Lao PDR

31 March 2019