

# Maybank Nongduang Branch

Financial statements

For the year ended 31 December 2019

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# Maybank Nongduang Branch

## GENERAL INFORMATION

### THE BRANCH

Maybank Nongduang Branch ("the Branch") is a branch established in Lao People's Democratic Republic ("Lao PDR") of Malayan Banking Berhad, a bank incorporated in Malaysia. The Branch operates under Banking License No. 03 granted by Bank of the Lao PDR ("the BOL") on 3 March 2016.

On 29 August 2019, The Board of Directors ("the Board") of Malayan Banking Berhad ("MayBank") issued a decision on closing of Malayan Banking Berhad Nongduang's Branch ("Nongduang Branch"). Accordingly, Nongduang Branch's assets and liabilities shall be transferred to Malayan Banking Berhad Laos branch ("Laos Branch") along with all right and obligation.

On 17 December 2019, Nongduang Branch submitted the detailed implementation as mentioned above and get approval from Commercial Bank Supervision Department of the BOL ("CBS") that after closing on 31 December 2019, all assets and liabilities of Nongduang Branch along with rights and obligations will be transferred to Laos Branch. Once Nongduang Branch has completed dissolving and merging with the Lao branch, Nongduang branch is requested to submit the report of the result of implementation to the CBS for reference of revoking the banking license and enterprise registration license.

On 25 December 2019, CBS issued the Official Letter No.723/CBS on closing of the Branch. Accordingly, the CBS has agreed in principle on the proposal and requested Nongduang Branch to submit a detailed implementation plan to the CBS.

On 27 December 2019, Nongduang Branch has ceased its operation under name as Malayan Banking Berhad Nongduang Branch. After closed the financial statements for the year ended 31 December 2019, the Branch has completed to transfer all accounting data to the Lao branch as well as informed to all its vendors, customers about this.

The initial registered capital of the Branch is LAK 100,121,729,000. The actual paid-up capital as at 31 December 2019 is LAK 100,121,729,000 (31 December 2018: LAK 100,121,729,000). The principal activities of the Branch are to provide comprehensive banking and related financial services in Lao PDR.

The Branch is located at Asean Road, Nongduang Tai Village, Sikottabong District, Vientiane Capital, Lao PDR.

### MANAGEMENT

Members of the Management during the year are as follows:

<i>Name</i>	<i>Title</i>	<i>Date of appointment</i>
Ms. Phengsomchith Phonphosy	Branch Manager	1 October 2015
Mr. Sithiphon Sisudajan	Head of Finance Department	28 May 2018

# Maybank Nongduang Branch

## GENERAL INFORMATION

### LIQUIDATION COMMITTEE

Members of the Liquidation Committee updated on 25 December 2019 under the Official Letter No.723/CBS issued by Commercial Bank Supervision Department of the BOL to the date of these financial statements are as follows:

<i>Name</i>	<i>Position</i>
Ms. Phengsomchith Phonphosy	Chairman
Mr. Sithiphon Sisudajan	Member

### LEGAL REPRESENTATIVE

The legal representative of the Branch from 1 January 2019 to 31 December 2019 is Ms. Phengsomchith Phonphosy – Branch Manager. The legal representative of the Branch from 1 January 2020 to the date of this report is Ms. Phengsomchith Phonphosy – Chairman of Liquidation committee.

### AUDITORS

The auditors of the Branch are Ernst & Young Lao Co., Ltd.

# Maybank Nongduang Branch

## REPORT OF BRANCH MANAGEMENT

Management of Maybank Nongduang Branch ("the Branch") is pleased to present this report and the Branch's financial statements for the year ended 31 December 2019.

### MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Branch's management is responsible for the financial statements of each financial year which give a true and view of the financial position of the Branch and of the results 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 non-going concern basis in accordance with the Branch closing plan submitted to Commercial Bank Supervision Department of the BOL on 17 December 2019.

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

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

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the Accounting Law of Lao PDR and the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements under the liquidation basis as described *Note 2.2*.

For and on behalf of Management:



Ms. Rhengsomchith Phonphosy  
Branch Manager

Vientiane, Lao PDR

15 April 2020

Reference: 61317474/21504418-LAS

## INDEPENDENT AUDITORS' REPORT

To: The Owners 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 2019, 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 the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements under the non-going concern basis of accounting as described *Note 2.2*.

### *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 your attention to *Note 2.2* to the accompanying financial statements, which describe the basis of accounting. As at the date of the financial statements, the Branch is in the process of completing necessary filing procedures as required by prevailing regulations for the revoking of the Branch's business license. As a result, the Branch has changed its basis of accounting for the year ended 31 December 2019 from the going concern basis to the non-going concern basis of accounting. Accordingly, the presented corresponding figures are not comparable to the current year's figures.

We also draw attention to *Note 3* of the financial statements, which describes the accounting policies 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 these matters.

### *Responsibilities of the Branch's Management for the Financial Statements*

The Branch' management is responsible for the preparation and 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 under the non-going concern basis of accounting as described in *Note 2.2*, 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.



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### ***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.

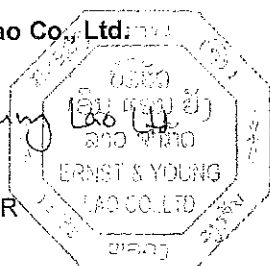
We communicate with the Branch's Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Ernst & Young Lao Co., Ltd:**

Ernst & Young Lao Co., Ltd.

Vientiane, Lao PDR

15 April 2020



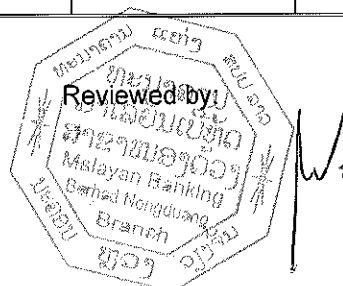
# Maybank Nongduang Branch

INCOME STATEMENT  
for the year ended 31 December 2019

Code	ITEMS	Notes	2019 LAK'000	2018 LAK'000
<b>A.</b>	<b>OPERATING INCOME AND EXPENSES</b>			
1.	Interest and similar income	4	3,655,554	4,306,211
2.	Interest and similar expenses	4	(567,025)	(454,436)
I.	<b>NET INTEREST AND SIMILAR INCOME</b>		<b>3,088,529</b>	<b>3,851,775</b>
3	Fee and commission income	5	123,907	244,237
4	Fee and commission expenses	5	(12,907)	(5,019)
5	Net loss from dealing in foreign currencies	6	(257,835)	(248,709)
II.	<b>NET OPERATING INCOME</b>		<b>2,941,694</b>	<b>3,842,284</b>
<b>B</b>	<b>OTHER INCOME AND EXPENSES</b>			
6	Other operating income	7	72,749	82,827
7	Administration expenses		(2,850,064)	(2,308,527)
7.1	Payroll and other staff costs	8	(1,598,371)	(1,130,460)
7.2	Other administration expenses	9	(1,251,693)	(1,178,067)
8	Depreciation and amortization charges	15	(4,354,835)	(1,133,299)
9	Other operating expenses	10	(3,030)	(19,756)
10	Net provision charges for non-performing loans	14.2	(10,506,407)	(8,565,543)
III.	<b>TOTAL (LOSS)/PROFIT BEFORE TAX</b>		<b>(14,699,893)</b>	<b>(8,102,014)</b>
11	Current profit tax	19.2	-	-
IV.	<b>(LOSS)/PROFIT AFTER TAX</b>		<b>(14,699,893)</b>	<b>(8,102,014)</b>

Prepared by:

Mr. Sithiphon Sisudajan  
Head of Finance Department



Ms. Phengsomchith Phonphosy  
Branch Manager

Vientiane, Lao PDR

15 April 2020



# Maybank Nongduang Branch

STATEMENT OF FINANCIAL POSITION  
as at 31 December 2019

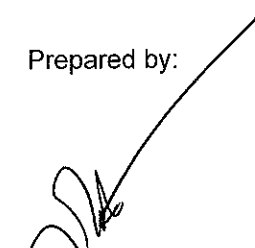
Code	Items	Notes	31/12/2019 LAK'000	31/12/2018 LAK'000
	<b>ASSETS</b>			
<b>I</b>	<b>Cash and balances with Bank of the Lao PDR ("the BOL")</b>		<b>25,031,729</b>	<b>38,763,430</b>
1	Cash on hand	11	-	2,097,855
2	Balances with the BOL	12	25,031,729	36,665,575
<b>II</b>	<b>Due from banks</b>	<b>13</b>	<b>30,927,067</b>	<b>24,332,982</b>
1	Demand deposits		30,927,067	332,982
2	Term deposits		-	24,000,000
<b>III</b>	<b>Loans and advances to customers, net of specific provision for credit activities</b>	<b>14</b>	<b>36,723,406</b>	<b>55,781,712</b>
<b>IV</b>	<b>Fixed assets</b>		-	<b>4,487,809</b>
1	Tangible fixed assets	15.1	-	4,487,809
2	Intangible assets	15.2	-	-
<b>V</b>	<b>Other assets</b>		<b>570,158</b>	<b>522,410</b>
1	Accrued interest receivables		-	384,430
2	Other assets	16	570,158	137,980
	<b>TOTAL ASSETS</b>		<b>93,252,360</b>	<b>123,888,343</b>
	<b>LIABILITIES AND CAPITAL</b>			
<b>I</b>	<b>Due to banks</b>	<b>17</b>	-	<b>8,000,000</b>
1	Term deposits		-	8,000,000
<b>II</b>	<b>Due to customers</b>	<b>18</b>	<b>15,513,646</b>	<b>23,457,097</b>
1	Demand deposits		2,551,649	2,574,350
2	Saving deposits		1,839,475	6,561,943
3	Term deposits		11,122,522	14,320,804
<b>III</b>	<b>Other liabilities</b>		<b>747,961</b>	<b>681,914</b>
1	Accrued interest payables		-	262,182
2	Tax payables	19.1	66	34,575
3	Other payables	20	747,895	385,157
	<b>TOTAL LIABILITIES</b>		<b>16,261,607</b>	<b>32,139,011</b>
<b>IV</b>	<b>Capital and reserves</b>			
1	Paid-up capital	21	100,121,729	100,121,729
2	General provision for credit activities	14.2	179,196	237,882
3	Undistributed earnings		(23,310,172)	(8,610,279)
	<b>TOTAL CAPITAL</b>		<b>76,990,753</b>	<b>91,749,332</b>
	<b>TOTAL LIABILITIES AND CAPITAL</b>		<b>93,252,360</b>	<b>123,888,343</b>

# Maybank Nongduang Branch

STATEMENT OF FINANCIAL POSITION (continued)  
as at 31 December 2019

Code	OFF BALANCE SHEET ITEMS	31/12/2019 LAK'000	31/12/2018 LAK'000
<b>I</b>	<b>Commitments given</b>		
1	Commitments for financing given to customers	886,000	1,705,000
	<b>TOTAL COMMITMENTS GIVEN</b>	<b>886,000</b>	<b>1,705,000</b>
<b>II</b>	<b>Collaterals and Mortgages</b>		
1	<b>Collaterals and Mortgages for guarantees</b> Collaterals and Mortgages for guarantees given to customers	<b>886,000</b> 886,000	<b>1,705,000</b> 1,705,000
	<b>COLLATERALS AND MORTGAGES</b>	<b>886,000</b>	<b>1,705,000</b>

Prepared by:



Mr. Sithipon Sisudajan  
Head of Finance Department

Reviewed by:



Ms. Phengsomchith Phonphosy  
Branch Manager

Vientiane, Lao PDR


15 April 2020

## Maybank Nongduang Branch

STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 December 2019

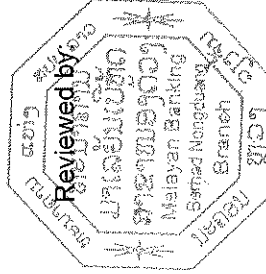
ITEMS	Paid-up capital LAK'000	Regulatory reserve fund LAK'000	Provision for performing loans LAK'000	Accumulated losses LAK'000	Total LAK'000
<b>Balance as at 1 January 2019</b>	<b>100,121,729</b>	-	<b>237,882</b>	<b>(8,610,279)</b>	<b>91,749,332</b>
Net loss for the year	-	-	-	(14,699,893)	(14,699,893)
Provision for performing loans reserved during the year	-	-	(60,933)	-	(60,933)
Foreign exchange differences	-	-	2,247	-	2,247
<b>Balance as at 31 December 2019</b>	<b>100,121,729</b>	-	<b>179,196</b>	<b>(23,310,172)</b>	<b>76,990,753</b>

Prepared by:

  
Mr. Sithiphon Sisudajan  
Head of Finance Department

Vientiane, Lao PDR

15 April 2020



Ms. Phengsomchith Phonphosy  
Branch Manager

# Maybank Nongduang Branch

## STATEMENT OF CASH FLOW for the year ended 31 December 2019

ITEMS	Notes	2019 LAK'000	2018 LAK'000
<b>Net (loss)/profit before tax</b>		<b>(14,699,893)</b>	<b>(8,102,014)</b>
<i>Adjustments for:</i>			
Depreciation and amortization charges		4,354,835	1,133,299
Loan loss provision expenses	14.2	39,228,684	8,548,300
Reversal of provision for credit losses of loans to customers	14.2	(28,722,277)	(3,270,952)
Interest income		(3,655,554)	(4,306,211)
Interest expense		567,025	454,436
Foreign exchange loss arising from revaluation of monetary accounts denominated in foreign currency		257,835	248,709
<b>Cash flows used in operations before changes in operating assets and liabilities</b>		<b>(2,669,345)</b>	<b>(5,294,433)</b>
Increase/(Decrease) in operating assets			
Due from banks		25,577,241	(16,932,159)
Loans and advances to customers		8,551,899	(13,400,660)
Other assets		5,799,355	811,374
(Increase)/Decrease in operating liabilities			
Due to banks		(8,000,000)	(2,552,398)
Due to customers		(7,943,451)	12,408,165
Other liabilities		(4,343,127)	(1,506,794)
Interest received		4,039,984	4,397,260
Interest paid		(829,207)	(240,320)
Profit tax paid during the year	19.2	-	-
<b>Net cash flows (used in)/from operating activities</b>		<b>20,183,349</b>	<b>(22,309,965)</b>
<b>INVESTING ACTIVITIES</b>			
Payments to acquire property and equipment		(1,939,194)	-
Proceeds from disposal of equipment		195,470	606,094
<b>Net cash flows from/(used) in investing activities</b>		<b>(1,743,724)</b>	<b>606,094</b>



# Maybank Nongduang Branch

NOTE TO THE FINANCIAL STATEMENTS  
as at 31 December 2019 and for the year then ended

## 1. CORPORATE INFORMATION

Maybank Nongduang Branch (the "Branch") is a foreign bank branch which is incorporated and registered in Lao PDR.

### ***Establishment and operations***

The Branch is a branch of Malayan Banking Berhad, a bank incorporated in Malaysia. The Branch operates under Banking License No. 03 granted by Bank of the Lao PDR ("the BOL") on 3 March 2016.

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

On 29 August 2019, The Board of Directors ("the Board") of Malayan Banking Berhad ("MayBank") issued a decision on closing of Malayan Banking Berhad Nongduang's Branch (Nongduang Branch). Accordingly, Nongduang Branch's assets and liabilities shall be transferred to Malayan Banking Berhad Laos branch (Laos Branch) along with all rights and obligations.

On 17 December 2019, Nongduang Branch submitted the detailed implementation as mentioned above and get approval from CBS that after closing on 31 December 2019, all assets and liabilities of Nongduang Branch along with rights and obligations will be transferred to Laos Branch. Once Nongduang Branch has completed dissolving and merging with the Lao branch, Nongduang branch is requested to submit the report of the result of implementation to the CBS for reference of revoking the banking license and enterprise registration license.

On 25 December 2019, Commercial Bank Supervision Department of the BOL (the CBS) issue the Official Letter No.723/CBS on closing of the Branch. Accordingly, the CBS has agreed in principle on the proposal and request Nongduang Branch to submit a detailed implementation plan to the CBS.

On 27 December 2019, Nongduang Branch has ceased its operation under name as Malayan Banking Berhad Nongduang Branch. After closed the financial statements for the year ended 31 December 2019, the Branch has completed to transfer all accounting data to the Lao branch as well as informed to all its vendors, customers about this.

### ***Location***

The Branch is located at Asean Road, Nongduang Tai Village, Sikottabong District, Vientiane Capital, Lao PDR.

### ***Employees***

Total number of employees of the Branch as at 31 December 2019 is 10 people (2018: 8 people).

# Maybank Nongduang Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 2. BASIS OF PREPARATION

### 2.1. *Statement of compliance*

Management of the Branch states that the accompanying financial statements have been prepared in compliance with the Accounting Law of Lao PDR and the regulations stipulated by Bank of the Lao PDR relevant to the preparation and presentation of financial statements under the non-going concern basis of accounting as described *Note 2.2*.

### 2.2. *Basis of preparation*

The Branch maintains its accounting records in Lao Kip ("LAK") and prepares its financial statements in thousands of Lao Kips ("LAK'000") in accordance with Decree No. 02/PR by the Prime Minister of Lao PDR dated 22 March 2000 and the Accounting Law of Lao PDR and the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements ("LAS") under the non-going concern basis of accounting.

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

#### *Fiscal year*

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

#### *Adoption of non-going concern basis in preparation and presentation of the financial statements*

As at the date of the financial statements, the Branch is in the process of completing necessary filing procedures as required by prevailing regulations for the revoking of the Branch's business license. Consequently, the Branch has changed its basis of accounting of preparation and presentation of financial statements for the year ended 31 December 2019 from the going-concern basis to the non-going concern basis of accounting as presented in *Note 3.1*.

Under non-going concern basis of accounting, assets are stated at the lower of their carrying amount and estimated net realizable value and liabilities are stated at their estimated settlement amounts. As the Branch's assets and liabilities will be transferred to Laos Branch along with all rights and obligations, the net realisable value of the assets and the estimated settlement amounts of the liabilities would equal to the assets and liabilities' carrying value plus accrued interest and minus corresponding provision (if any).

# Maybank Nongduang Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 2. BASIS OF PREPARATION (continued)

### 2.2. *Basis of preparation* (continued)

#### *Comparative information*

The information in financial statements of current year is not comparable with the corresponding figures of the previous year because in 2018 the Branch prepared its financial statements in accordance with going-concern assumption. In 2019, the Company prepares its financial statements on the non-going concern assumption. Accordingly, the financial statements of 2019 include adjustments relating to the recoverability and classification of asset or to measurement and classification of liabilities that were not made in 2018 as disclosed in *Note 3.1*.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1. *Changes in accounting policies*

The accounting policies adopted by the Branch in preparation of these financial statements are consistent with those used in preparation of the Branch's financial statements for the year ended 31 December 2018, except for the changes in the accounting policies and notes which have been prepared on the basis that going concern assumption is not appropriate. Accordingly, the financial statements include adjustments relating to the recoverability and classification of asset or to measurement and classification of liabilities as follows.

#### 3.1.1. *Balances with the BOL, and due from banks*

Balances with the BOL, and due from banks are presented at carrying amounts at the reporting date. In which, the carrying amounts are determined by the principal amounts outstanding at the reporting date plus with (+) corresponding accumulated accrual interests receivables using contractual interest rate.

#### 3.1.2. *Loans to customers*

Loans to customers are recognized at cost and presented at outstanding balance plus corresponding accrual interest receivables calculated by using contractual interest rate, less specific provision for credit activities.

Specific provision for credit activities are determined as presented in *Note 3.2.5*.

#### 3.1.3. *Fixed assets*

Fixed asset includes tangible fixed assets, intangible assets. Tangible fixed assets consist of buildings and improvements, office equipment, furniture and fixtures, computer equipment and motor vehicles. Intangible assets include pre-operating cost and computer software.

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

Fixed assets are fully depreciated at the reporting date.

#### 3.1.4. *Due to customers*

Due to customers are disclosed at the principal amounts outstanding at the end of the accounting period plus with (+) corresponding accrual interest payables which are determined by using contractual interest rate.



# Maybank Nongduang Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.1. *Changes in accounting policies* (continued)

#### 3.1.5. *Provision on loans classified in Special Mention*

In accordance with Official Letter No. 334/AFD issued by the Governor of Bank of Lao PDR dated 11 March 2019, the presentation of provision on loans classified as special mention is presented as specific provision which is net off against "Loans to customers" rather than "provision for performing loans" in the Branch's statement of financial position (as disclosed in Note 3.2.5).

As at 31 December 2019, the Branch does not have loans to customer classified as special mention.

### 3.2. *Accounting policies applied before 1 January 2019*

#### 3.2.1 *Recognition of interest income and expense*

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

The recognition of accrued interest income is suspended when the loans become non-performing (See *Note 3.2.5* for the definition of non-performing loans) or when management believes that the borrower has no ability to repay the interest and principal. Interest income on such loans is only recorded in the income statement when actually received.

#### 3.2.2 *Recognition of fees and commission*

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

Fee and commission is recognized in income statement on a cash basis.

#### 3.2.3 *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.

# Maybank Nongduang Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.2. Accounting policies applied before 1 January 2019 (continued)

#### 3.2.4 Loans to customers

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

#### 3.2.5 Classification of and provision for credit activities

##### Loan classification

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

##### Provision

In accordance with BOL512 and BOL898, the Branch creates provision for loans based on their classification groups as follows:

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

(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

*where the Branch has opted to not include the discounted value of collateral in the provision calculation as allowed by BOL512 and OL898.*

(ii) The balance of provision for *performing loans classified in group A* is recorded in the statement of Financial Position in "General provision for credit activities" under capital and reserves of the Branch.

Accumulated balance of provision for *NPLs and performing loans classified in group B* is recorded in the statement of Financial Position in "Loans to customers, net of provision for NPLs".

# Maybank Nongduang Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.2. Accounting policies applied before 1 January 2019 (continued)

#### 3.2.5 Classification of and provision for credit activities (continued)

*Provision* (continued)

- (iii) Changes in provision for *performing loans* are recorded to the income statement as "Other operating expenses" for provision expense and "Other operating income" for reversal of provision expense.

Changes in provision for *NPLs* are recorded to the income statement as "Net provision for *NPLs* charged to/(reversed out of) expense".

#### 3.2.6 Fixed assets

Fixed asset includes tangible fixed assets, intangible assets. Tangible fixed assets consist of buildings and improvements, office equipment, furniture and fixtures, computer equipment and motor vehicles. Intangible assets include pre-operating cost and computer software.

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

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

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

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

#### 3.2.7 Depreciation and amortization of fixed assets

Depreciation and amortization of fixed assets are made on the straight line basis at prescribed rates over their estimated useful life in accordance with the Tax Law No. 70/NA dated 15 December 2015 which is effective on or after 24 May 2016 stipulated by the President of the National Assembly. The following are the annual rates used:

*Tangible fixed assets:*

Buildings & improvements	10%
Office equipment	20%
Furniture and fixtures	20%
Computer equipment	20%
Motor vehicles	20%
Land use rights	No amortization

*Intangible assets:*

Computer software	50%
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# Maybank Nongduang Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.2. Accounting policies applied before 1 January 2019 (continued)

#### 3.2.8 Statutory reserves

Under the requirements of the Law on commercial Bank dated 7 December 2018, commercial banks are required to appropriate net profit to following reserves:

- ▶ Regulatory reserve fund;
- ▶ Business expansion fund and other funds

In accordance with Article 156, Enterprise Law dated 26 December 2013, the Branch 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 Branch may suspend such provision, unless otherwise provided by the laws. The Branch expansion fund and other funds shall be upon decision of the Management. For the year ended 31 December 2019, the Branch operated at loss and did not appropriate to these funds.

#### 3.2.9 Foreign currency transactions

The Branch maintains its accounting system and records all transactions in original currencies. Income and expenses arising in foreign currencies during the year are converted into LAK monthly using the respective daily exchange rates. Monetary assets and liabilities denominated in foreign currencies at the yearend are translated into LAK at the exchange rates ruling at the balance sheet date. Foreign exchange differences arising from the translation of monetary assets and liabilities on the balance sheet date are recognized into the income statement. The list of exchange rates of applicable foreign currencies against LAK on 31 December 2019 and 31 December 2018 as presented below:

	<u>31 December 2019</u>	<u>31 December 2018</u>
	LAK	LAK
United State Dollar ("USD")	8,860	8,525
Thai Baht ("THB")	298	265.30

#### 3.2.10 Taxation

Provision is made for profit tax on the current period's profits, based on the Tax Law governing taxation within Lao PDR. The Branch is obliged to pay tax at the rate of 24% of total profit before tax for the year ended 31 December 2019 (2018: 24%) in accordance with the Tax Law No. 70/NA dated 15 December 2015 which is effective on or after 24 May 2016.

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

#### 3.2.11 Employee benefits

##### *Post employment benefits*

Post employment benefits are paid to retired employees of the Branch by the Social Security Fund Department which belongs to the Ministry of Labor and Social Welfare. The Branch is required to contribute to these post employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 6.00% of employee's basic salary on a monthly basis. The Branch has no further obligation concerning post employment benefits for its employees other than this.

# Maybank Nongduang Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.2. Accounting policies applied before 1 January 2019 (continued)

#### 3.2.11 Employee benefits (continued)

##### Termination benefits

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

- ▶ The employee lacks of specialised 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 labour unit.

For the termination of an employment contract on any of the above-mentioned grounds, the employer must pay a termination allowance which is calculated on the basis of 10% of the basic monthly salary earned before the termination of work for the worker who has worked for less than three years. As at 31 December 2019, there are no employees of the Branch who were dismissed under the above-mentioned grounds; therefore the Branch has not made a provision for termination allowance in the financial statements.

## 4. NET INTEREST AND SIMILAR INCOME

	2019 LAK'000	2018 LAK'000
<b>Interest and similar income from:</b>		
Interbank transactions	295,307	448,783
Loans to customers	3,360,247	3,857,428
	<b>3,655,554</b>	<b>4,306,211</b>
<b>Interest and similar expenses for:</b>		
Interbank transactions	(2,203)	(139,332)
Customer deposits	(564,822)	(315,104)
	<b>(567,025)</b>	<b>(454,436)</b>
<b>Net interest and similar income</b>	<b>3,088,529</b>	<b>3,851,775</b>

## 5. FEES AND COMMISSION INCOME

	2019 LAK'000	2018 LAK'000
<b>Fees and commission income from:</b>		
Trade finance activities	122,041	241,918
Settlement activities	1,866	2,319
	<b>123,907</b>	<b>244,237</b>
<b>Fees and commission expense for:</b>		
Transactions with customers	(12,907)	(5,019)
	<b>(12,907)</b>	<b>(5,019)</b>
<b>Net fee and commission income</b>	<b>111,000</b>	<b>239,218</b>

# Maybank Nongduang Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 6. NET LOSS FROM DEALING IN FOREIGN CURRENCY

	2019 <i>LAK'000</i>	2018 <i>LAK'000</i>
Gain from dealing in foreign currencies	193,301	442,289
Loss from dealing in foreign currencies	(451,136)	(690,998)
	<b>(257,835)</b>	<b>(248,709)</b>

## 7. OTHER OPERATING INCOME

	2019 <i>LAK'000</i>	2018 <i>LAK'000</i>
Reversal of accrued expenses	3,863	48,603
Others	68,886	34,224
	<b>72,749</b>	<b>82,827</b>

## 8. PAYROLL AND OTHER STAFF COSTS

	2019 <i>LAK'000</i>	2018 <i>LAK'000</i>
Wages and allowances	1,457,848	1,101,482
Other staff costs	140,523	28,978
	<b>1,598,371</b>	<b>1,130,460</b>

## 9. OTHER ADMINISTRATION EXPENSES

	2019 <i>LAK'000</i>	2018 <i>LAK'000</i>
Office rental	259,858	251,518
Fuel	12,740	9,310
Office stationery	16,347	22,746
Publication, marketing and promotion	14,980	1,605
Telecommunication	141,594	177,870
Repair and maintenance	194,296	259,885
Electricity and water	68,748	67,764
Professional fees	337,607	187,766
Guest welcoming fee	360	-
Insurance fee	45,884	49,285
Others	159,279	150,318
	<b>1,251,693</b>	<b>1,178,067</b>

# Maybank Nongduang Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 10. OTHER OPERATING EXPENSES

	2019 LAK'000	2018 LAK'000
Reversal of general provision (Note 14.2)	(60,933)	(17,243)
Deposit insurance paid to Depositor Protection Fund	63,963	36,999
	<b>3,030</b>	<b>19,756</b>

## 11. CASH ON HAND

	31/12/2019 LAK'000	31/12/2018 LAK'000
Cash on hand in LAK	-	2,097,855
	<b>-</b>	<b>2,097,855</b>

## 12. BALANCES WITH THE BOL

	31/12/2019 LAK'000	31/12/2018 LAK'000
Demand deposits	-	10,056,605
Compulsory reserve (*)	-	1,577,241
Registered capital reserve (**)	25,031,729	25,031,729
	<b>25,031,729</b>	<b>36,665,575</b>

(\*) Under regulations of the BOL, the Branch is required to maintain certain reserves with the BOL in the form of compulsory deposits, which are computed at 5.00% for LAK and 10.00% for foreign currencies, on a bi-monthly basis, (2018: 5.00% and 10.00%) of customer deposits having original maturities of less than 12 months. During the year, the Branch maintained its compulsory deposits in compliance with the requirements by the BOL.

(\*\*) Under regulation of Decree No. 02/PR of the BOL, foreign bank branches are required to maintain a minimum balance of special deposit at the BOL which is equivalent to 25% of their paid-up capital to secure for their operational continuance. As at 31 December 2019, the balance of special deposit of the Branch is LAK'000 25,031,729.

On 27 December 2019, the Branch has ceased its operation. On 30 December 2019, the BOL transferred the compulsory and registered capital reserve back to Maybank Nongduang. On 7 January 2020, the BOL issues the Approval Letter No.46/BOD on closing current accounts and compulsory accounts of Maybank Nongduang.

# Maybank Nongduang Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 13. DUE FROM BANKS

	31/12/2019 LAK'000	31/12/2018 LAK'000
Demand deposit at domestic bank <i>Maybank – Lao Branch</i>	30,927,067 30,927,067	332,982 332,982
Term deposit at domestic bank <i>RHB Bank Vientiane Branch</i>	- -	24,000,000 24,000,000
	<b>30,927,067</b>	<b>24,332,982</b>

## 14. LOANS AND ADVANCES TO CUSTOMERS, NET OF SPECIFIC PROVISION FOR CREDIT ACTIVITIES

	31/12/2019 LAK'000	31/12/2018 LAK'000
Loans and advances to customers <i>(Note 14.1)</i>	37,044,463	64,347,255
Less specific provision for credit activities <i>(Note 14.2)</i>	(321,057)	(8,565,543)
	<b>36,723,406</b>	<b>55,781,712</b>

	2019 Interest rates % per annum	2018 Interest rates % per annum
Loans and advances in LAK	4.00% - 12.00%	3.00% - 13.00%
Loans and advances in USD	-	7.50% - 13.00%
Loans and advances in THB	9.25%	8.00% - 9.00%



# Maybank Nongduang Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 14. LOANS AND ADVANCES TO CUSTOMERS, NET OF SPECIFIC PROVISION FOR CREDIT ACTIVITIES (continued)

### 14.1 Analysis of loans to customers

#### Analysis by currency

	31/12/2019 LAK'000	31/12/2018 LAK'000
Loans and advances in LAK	34,928,430	61,228,166
Loans and advances in THB	2,116,033	3,119,089
	<b>37,044,463</b>	<b>64,347,255</b>

#### Analysis by status of loans

	31/12/2019 LAK'000	31/12/2018 LAK'000
Performing loans	36,064,501	45,922,362
Non-performing loans	979,962	18,424,893
	<b>37,044,463</b>	<b>64,347,255</b>

#### Analysis by original terms

	31/12/2019 LAK'000	31/12/2018 LAK'000
Short-term loans	4,351,643	7,162,769
Medium-term loans	2,404,225	4,291,850
Long-term loans	30,288,595	52,892,636
	<b>37,044,463</b>	<b>64,347,255</b>

## Maybank Nongduang Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

### 14. LOANS AND ADVANCES TO CUSTOMERS, NET OF SPECIFIC PROVISION FOR CREDIT ACTIVITIES (continued)

#### 14.2 Changes in provision for credit losses

Movements of loan loss provision of the Branch during the year ended 31 December 2019 are as follows:

	Specific provision for Non-performing loans ("NPL") LAK'000	Specific provision for special mention loans LAK'000	General provision for credit activities LAK'000	Total LAK'000
<b>Balance as at 31 December 2018</b>	<b>8,565,543</b>	-	<b>237,882</b>	<b>8,803,425</b>
Reclassification from general provision to specific provision for special mention under BOL 334	-	-	-	-
Provision charged to expense in the year	10,506,407	-	(60,933)	10,445,474
Foreign exchange differences	-	-	2,247	2,247
Bad debts written-off in period	(18,750,893)	-	-	(18,750,893)
<b>Balance as at 31 December 2019</b>	<b>321,057</b>	-	<b>179,196</b>	<b>500,253</b>

# Maybank Nongduang Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 14. LOANS AND ADVANCES TO CUSTOMERS, NET OF SPECIFIC PROVISION FOR CREDIT ACTIVITIES (continued)

### 14.2 Changes in provision for credit losses (continued)

The breakdown of loan classification and provision as at 31 December 2019 are as follows:

<i>Classification</i>	<i>Loan balance LAK'000</i>	<i>Provision for NPL LAK'000</i>	<i>Provision for PL LAK'000</i>	<i>Total provision LAK'000</i>
Normal or Pass	36,064,501	-	179,196	179,196
Watch or Special Mention	-	-	-	-
Sub-standard	563,083	112,617	-	112,617
Doubtful	416,879	208,440	-	208,440
Loss	-	-	-	-
<b>Total</b>	<b>37,044,463</b>	<b>321,057</b>	<b>179,196</b>	<b>500,253</b>

## 15. FIXED ASSETS

### 15.1 Tangible fixed assets

	<i>Building and improvement LAK'000</i>	<i>Office equipment LAK'000</i>	<i>Furniture and fixtures LAK'000</i>	<i>Computer equipment LAK'000</i>	<i>Motor vehicles LAK'000</i>	<i>Total LAK'000</i>
<b>Cost:</b>						
As at 31 December 2018	4,644,183	314,389	669,207	1,231,827	362,656	7,222,262
Disposals	-	-	-	-	(362,656)	(362,656)
As at 31 December 2019	4,644,183	314,389	669,207	1,231,827	-	6,859,606
<b>Accumulated depreciation:</b>						
As at 31 December 2018	1,315,852	178,154	379,217	698,035	163,195	2,734,453
Charge for the year	3,328,331	136,235	289,990	533,792	66,487	4,354,835
Other	-	-	-	-	(229,682)	(229,682)
As at 31 December 2019	4,644,183	314,389	669,207	1,231,827	-	6,859,606
<b>Net book value:</b>						
As at 31 December 2018	3,328,331	136,235	289,990	533,792	199,461	4,487,809
As at 31 December 2019	-	-	-	-	-	-

# Maybank Nongduang Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 15. FIXED ASSETS (continued)

### 15.2 Intangible assets

	<i>Pre-operating cost LAK'000</i>	<i>Computer software LAK'000</i>	<i>Total LAK'000</i>
<b>Cost:</b>			
As at 31 December 2018	-	-	-
Additions for the year	560,635	1,378,559	1,939,194
As at 31 December 2019	<u>560,635</u>	<u>1,378,559</u>	<u>1,939,194</u>
<b>Accumulated depreciation:</b>			
As at 31 December 2018	560,635	1,378,559	1,939,194
Charge for the year	-	-	-
As at 31 December 2019	<u>560,635</u>	<u>1,378,559</u>	<u>1,939,194</u>
<b>Net book value:</b>			
As at 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 December 2019	<u>-</u>	<u>-</u>	<u>-</u>

## 16. OTHER ASSETS

	<i>31/12/2019 LAK'000</i>	<i>31/12/2018 LAK'000</i>
Prepaid expenses awaiting allocation	272,560	18,276
Others	297,598	119,704
	<u><b>570,158</b></u>	<u><b>137,980</b></u>

## 17. DUE TO BANKS

	<i>31/12/2019 LAK'000</i>	<i>31/12/2018 LAK'000</i>
<b>Balances of Maybank Lao branch</b>		
Term deposits	-	8,000,000
	<u>-</u>	<u><b>8,000,000</b></u>

# Maybank Nongduang Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 18. DUE TO CUSTOMERS

Details of amounts due to customers as at 31 December 2019 are as follows:

	<i>Denominated in LAK LAK'000</i>	<i>Denominated in other currencies LAK'000</i>	<i>Total LAK'000</i>
Demand deposits	515,662	2,035,987	2,551,649
Saving deposits	261,181	1,578,294	1,839,475
Term deposits	405,610	10,716,912	11,122,522
	<b>1,182,453</b>	<b>14,331,193</b>	<b>15,513,646</b>

Details of amounts due to customers as at 31 December 2018 are as follows:

	<i>Denominated in LAK LAK'000</i>	<i>Denominated in other currencies LAK'000</i>	<i>Total LAK'000</i>
Demand deposits	1,732,902	841,448	2,574,350
Saving deposits	367,541	6,194,402	6,561,943
Term deposits	5,818,111	8,502,693	14,320,804
	<b>7,918,554</b>	<b>15,538,543</b>	<b>23,457,097</b>

The interest rates for these deposits are as follows:

	<i>2019 Interest rate p.a.</i>	<i>2018 Interest rate p.a.</i>
Demand deposits in LAK	No interest	No interest
Demand deposits in foreign currencies	No interest	No interest
Saving deposits in LAK	1.89%	1.89%
Saving deposits in USD	1.75%	1.75%
Saving deposits in THB	1.75%	1.75%
Term deposits in LAK	3.16% - 6.77%	3.20% - 6.77%
Term deposits in foreign currencies	2.65% - 5.00%	3.00% - 5.00%

# Maybank Nongduang Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 19. TAXATION

### 19.1 Taxes payable

	31/12/2019 LAK'000	31/12/2018 LAK'000
Profit tax payable	-	-
Withholding tax	66	34,575
	<u>66</u>	<u>34,575</u>

### 19.2 Profit tax

Provision is made for profit tax on the current year's profits, based on the Tax Law governing taxation within Lao PDR. The Branch is obliged to pay tax at 24% of total profit before tax in accordance with the Tax Law No.70/NA dated 15 December 2015 which is effective on or after 24 May 2016.

Details of profit tax ("PT") provision for the years 2018 and 2019 are as follows:

	2019 LAK'000	2018 LAK'000
(Loss)/profit before tax in accordance with Lao Accounting System	(14,699,893)	(8,102,014)
Accumulated loss carried forward	-	-
<b>Taxable loss</b>	<b>(14,699,893)</b>	<b>(8,102,014)</b>
PT expenses at 24% of taxable profit	-	-
<b>Current PT expense</b>	<b>-</b>	<b>-</b>
PT (recoverable)/ payable at the beginning of the year	-	-
PT paid during the year	-	-
<b>PT recoverable at the end of the year</b>	<b>-</b>	<b>-</b>

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

# Maybank Nongduang Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 20. OTHER PAYABLES

	31/12/2019 LAK'000	31/12/2018 LAK'000
Payables to external parties	494,558	292,465
Payables to employees	237,412	62,606
Deferred income	15,925	30,086
	<b>747,895</b>	<b>385,157</b>

## 21. PAID-UP CAPITAL

The movements of paid up capital during the year are presented below:

	2019 LAK'000	2018 LAK'000
Opening balance	100,121,729	100,121,729
Foreign exchange differences	-	-
<b>Closing balance</b>	<b>100,121,729</b>	<b>100,121,729</b>

## 22. CASH AND CASH EQUIVALENTS

	31/12/2019 LAK'000	31/12/2018 LAK'000
Cash on hand	-	2,097,855
Current accounts with the BOL	-	10,056,605
Current accounts with other banks	30,927,067	332,982
	<b>30,927,067</b>	<b>12,487,442</b>

## 23. RELATED PARTY TRANSACTIONS

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

(a) directly, or indirectly through one or more intermediaries, the party:

- ▶ controls, is controlled by, or is under common control with, the Branch (this includes parents, subsidiaries and fellow subsidiaries);
- ▶ has an interest in the Branch that gives it significant influence over the Branch; or
- ▶ has joint control over the Branch.

(b) the party is a joint venture in which the Branch is a venture;

(c) the party is a member of the key management personnel of the Branch or its parent;

(d) the party is a close member of the family of any individual referred to in (a) or (c);

(e) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (d); or

(f) the party is a post-employment benefit plan for the benefit of employees of the Branch, or of any entity that is a related party of the Branch.

# Maybank Nongduang Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 23. RELATED PARTY TRANSACTIONS (continued)

Balances with related parties as at 31 December 2019 and 31 December 2018 are as follows:

	31/12/2019 <i>Receivables/ (payables)</i> LAK'000	31/12/2018 <i>Receivables/ (payables)</i> LAK'000
<b>Interbank with Maybank - Lao Branch</b>		
Vostro account	30,927,067	332,982
Term deposits	-	(8,000,000)
	<b>30,927,067</b>	<b>(7,667,018)</b>

Significant transactions with related parties during the period were as follows:

	2019 LAK'000	2018 LAK'000
Interest expenses for term deposit from Maybank – Lao Branch	-	(101,934)
	<b>-</b>	<b>(101,934)</b>

### *Transactions with key management personnel of the Branch*

Remuneration to members of the Board of Management is as follows:

	2019 LAK'000	2018 LAK'000
Salaries	522,438	297,002
Bonus and other benefits	97,680	73,436
	<b>620,118</b>	<b>370,438</b>



# Maybank Nongduang Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

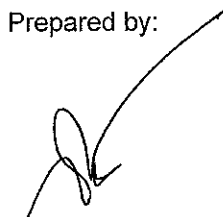
## 24. EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date of this report, as at opening of 1 January 2020 the Branch has completed the transfer of all assets and liabilities along with all right and obligation to Malayan Banking Berhad Laos branch according to the plan approved by BOL.

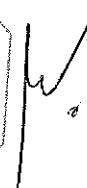
At the date of this report, the BOL has not issued Official letter to revoke the business license of Nongduang Branch.

Other than that, there is no matter or circumstance that has arisen since the balance sheet date that requires adjustment or disclosure in the financial statements of the Branch.

Prepared by:



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15 April 2020