

Reference: 61042000/20598938-LAS

## **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 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.**



Trinh Hoang Anh  
Partner  
Audit Practising Registration  
Certificate No. LCPAA/2-1-00001

Vientiane, Lao PDR

31 March 2019



# Maybank Lao 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
<b>A.</b>	<b>OPERATING INCOME AND EXPENSES</b>					
<b>1.</b>	<b>Interest and similar income</b>	<b>3</b>	<b>17,148,799</b>	<b>83,673,411</b>	<b>2,011,590</b>	<b>10,098,167</b>
1.1	Interest and similar income from interbank transactions		5,357,755	70,679,900	628,476	8,530,039
1.2	Interest and similar income from loans to customers		11,791,044	12,993,511	1,383,114	1,568,128
<b>2.</b>	<b>Interest and similar expenses</b>	<b>3</b>	<b>(11,719,104)</b>	<b>(51,484,409)</b>	<b>(1,374,675)</b>	<b>(6,213,421)</b>
2.1	Interest and similar expenses for interbank transactions		(3,915,493)	(44,444,003)	(459,295)	(5,363,746)
2.2	Interest and similar expenses for customers deposits		(7,803,611)	(7,040,406)	(915,380)	(849,675)
<b>I.</b>	<b>NET INTEREST AND SIMILAR INCOME</b>		<b>5,429,695</b>	<b>32,189,002</b>	<b>636,915</b>	<b>3,884,746</b>
<b>3</b>	<b>Fee and commission income</b>	<b>4</b>	<b>817,574</b>	<b>812,433</b>	<b>95,903</b>	<b>98,049</b>
<b>4</b>	<b>Fee and commission expenses</b>	<b>4</b>	<b>(205,656)</b>	<b>(217,334)</b>	<b>(24,124)</b>	<b>(26,229)</b>
<b>5</b>	<b>Net gain from dealing in foreign currencies</b>		<b>221,124</b>	<b>841,310</b>	<b>25,938</b>	<b>101,534</b>
<b>II.</b>	<b>NET OPERATING INCOME</b>		<b>6,262,737</b>	<b>33,625,411</b>	<b>734,632</b>	<b>4,058,100</b>
<b>B</b>	<b>OTHER INCOME AND EXPENSES</b>					
<b>6</b>	<b>Other operating income</b>	<b>5</b>	<b>985,628</b>	<b>3,297,592</b>	<b>115,616</b>	<b>397,972</b>
<b>7</b>	<b>Administration expenses</b>		<b>(9,606,818)</b>	<b>(10,520,932)</b>	<b>(1,126,900)</b>	<b>(1,269,491)</b>
7.1	Payroll and other staff costs	6	(5,480,933)	(6,089,163)	(642,925)	(734,874)
7.2	Other administration expenses	7	(4,125,885)	(4,431,769)	(483,975)	(534,617)
<b>8</b>	<b>Depreciation and amortization charges</b>	<b>13</b>	<b>(875,856)</b>	<b>(1,214,854)</b>	<b>(102,740)</b>	<b>(146,849)</b>
<b>9</b>	<b>Other operating expenses</b>	<b>8</b>	<b>(119,388)</b>	<b>(2,443,185)</b>	<b>(14,004)</b>	<b>(294,857)</b>

# Maybank Lao Branch

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

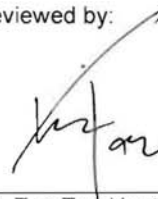
Code	ITEMS	Notes	2018 LAK'000	2017 LAK'000	2018 USD equivalent	2017 USD equivalent
10	Net provision charges for non-performing loans	12.2	(39,014,868)	(33,790,597)	(4,576,524)	(4,078,034)
III.	TOTAL (LOSS) BEFORE TAX		(42,368,564)	(11,046,565)	(4,969,920)	(1,333,159)
11	Current profit tax	17.3	-	-	-	-
IV.	PROFIT AFTER TAX		(42,368,564)	(11,046,565)	(4,969,920)	(1,333,159)

Prepared by:



Mr. Sithipon Sisudajan  
Head of Finance Department

Reviewed by:



Mr. Tan Tee Huat  
General Manager



Vientiane, Lao PDR

31 March 2019

# Maybank Lao 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
<b>I</b>	<b>Cash and balances with Bank of the Lao PDR ("BOL")</b>		<b>208,523,236</b>	<b>419,016,560</b>	<b>24,460,203</b>	<b>50,569,220</b>
1	Cash on hand	9	4,996,487	5,575,434	586,098	672,874
2	Balances at the BOL	10	203,526,749	413,441,126	23,874,105	49,896,346
<b>II</b>	<b>Due from banks</b>		<b>88,905,745</b>	<b>88,277,242</b>	<b>10,428,826</b>	<b>10,653,783</b>
1	Demand deposits	11.1	38,805,745	39,705,242	4,551,994	4,791,847
2	Term deposits	11.2	50,100,000	48,572,000	5,876,832	5,861,936
<b>III</b>	<b>Loans and advances to customers, net of provision for non-performing loans</b>		<b>135,461,656</b>	<b>173,295,136</b>	<b>15,889,930</b>	<b>20,914,209</b>
<b>IV</b>	<b>Fixed assets</b>		<b>3,092,093</b>	<b>3,842,666</b>	<b>362,709</b>	<b>463,755</b>
1	Tangible fixed assets	13.1	2,821,954	3,565,804	331,021	430,341
2	Intangible assets	13.2	8,004	27,929	939	3,371
3	Fixed assets in transit	13.3	262,135	248,933	30,749	30,043
<b>V</b>	<b>Other assets</b>		<b>6,222,581</b>	<b>13,123,613</b>	<b>729,922</b>	<b>1,583,830</b>
1	Accrued interest receivables		505,249	7,255,268	59,267	875,606
2	Other assets	14	5,717,332	5,868,345	670,655	708,224
	<b>TOTAL ASSETS</b>		<b>442,205,311</b>	<b>697,555,217</b>	<b>51,871,590</b>	<b>84,184,797</b>

# Maybank Lao Branch

BALANCE SHEET (continued)  
as at 31 December 2018


Code	LIABILITIES AND CAPITAL	Notes	31/12/2018 LAK'000	31/12/2017 LAK'000	31/12/2018 USD equivalent	31/12/2017 USD equivalent
<b>I</b>	<b>Due to banks</b>		<b>115,190,206</b>	<b>347,446,577</b>	<b>13,512,047</b>	<b>41,931,762</b>
1	Demand deposits	15.1	101,129,306	86,166,577	11,862,675	10,399,056
2	Term deposits	15.2	14,060,900	261,280,000	1,649,372	31,532,706
<b>II</b>	<b>Due to customers</b>	<b>16</b>	<b>214,604,454</b>	<b>194,373,459</b>	<b>25,173,543</b>	<b>23,458,058</b>
1	Demand deposits		20,368,268	24,549,112	2,389,240	2,962,722
2	Saving deposits		26,624,551	26,694,449	3,123,115	3,221,633
3	Term deposits		167,579,278	143,114,456	19,657,393	17,271,839
4	Other payable to customers		32,357	15,442	3,795	1,864
<b>III</b>	<b>Other liabilities</b>		<b>8,585,288</b>	<b>9,468,977</b>	<b>1,007,072</b>	<b>1,142,766</b>
1	Accrued interest payables		7,474,529	7,865,422	876,778	949,240
2	Tax payables	17.1	202,752	70,482	23,783	8,506
3	Other payables	18	908,007	1,533,073	106,511	185,020
	<b>TOTAL LIABILITIES</b>		<b>338,379,948</b>	<b>551,289,013</b>	<b>39,692,662</b>	<b>66,532,586</b>
<b>IV</b>	<b>Capital and reserves</b>					
1	Paid-up capital	19	100,661,400	100,661,400	11,807,789	12,148,371
2	Regulatory reserve fund		5,633,965	5,633,965	660,876	679,938
3	Provision for performing loans	12.2	654,909	727,186	76,822	87,761
4	Undistributed earnings		(3,124,911)	39,243,653	(366,559)	4,736,141
	<b>TOTAL CAPITAL</b>		<b>103,825,363</b>	<b>146,266,204</b>	<b>12,178,928</b>	<b>17,652,211</b>
	<b>TOTAL LIABILITIES AND CAPITAL</b>		<b>442,205,311</b>	<b>697,555,217</b>	<b>51,871,590</b>	<b>84,184,797</b>

# Maybank Lao Branch

BALANCE SHEET (continued)  
as at 31 December 2018

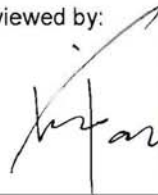
Code	OFF BALANCE SHEET ITEMS	31/12/2018 LAK'000	31/12/2017 LAK'000	31/12/2018 USD equivalent	31/12/2017 USD equivalent
<b>I</b>	<b>Commitments given</b>				
1	Commitments for financing given to customers	12,741,522	1,657,200	1,494,607	200,000
	<b>TOTAL COMMITMENTS GIVEN</b>	<b>12,741,522</b>	<b>1,657,200</b>	<b>1,494,607</b>	<b>200,000</b>
<b>II</b>	<b>Collaterals and Mortgages</b>				
<b>A</b>	<b>Collaterals and Mortgages for loans</b>				
1	Collaterals and Mortgages for loans to customers	567,463,311	523,192,342	66,564,611	63,141,726
		567,463,311	523,192,342	66,564,611	63,141,726
<b>B</b>	<b>Collaterals and Mortgages for guarantees</b>				
1	Collaterals and Mortgages for guarantees given to customers	2,041,290	1,657,200	239,448	200,000
		2,041,290	1,657,200	239,448	200,000
	<b>COLLATERALS AND MORTGAGES</b>	<b>569,504,601</b>	<b>524,849,542</b>	<b>66,804,059</b>	<b>63,341,726</b>

Prepared by:



Mr. Sithipon Sisudajan  
Head of Finance Department

Reviewed by:



Mr. Tan Tee Huat  
General Manager



Vientiane, Lao PDR

31 March 2019

## Maybank Lao 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	Undistributed earnings/ (accumulated losses) LAK'000	Total LAK'000
<b>Balance as at 1 January 2018</b>	<b>100,661,400</b>	<b>5,633,965</b>	<b>727,186</b>	<b>39,243,654</b>	<b>146,266,205</b>
Net loss for the year	-	-	-	(42,368,564)	(42,368,564)
Provision for performing loans reversed during the year	-	-	(85,298)	-	(85,298)
Foreign exchange differences	-	-	13,021	-	13,021
<b>Balance as at 31 December 2018</b>	<b>100,661,400</b>	<b>5,633,965</b>	<b>654,909</b>	<b>(3,124,910)</b>	<b>103,825,362</b>

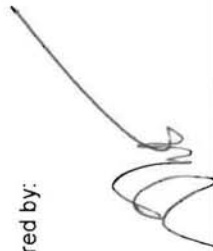


## Maybank Lao Branch

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

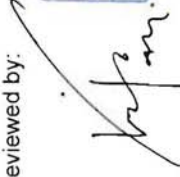
ITEMS	Paid-up capital USD equivalent	Regulatory reserve funds USD equivalent	Provision for performing loans USD equivalent	Undistributed earnings/ (accumulated losses) USD equivalent	Total USD equivalent
<b>Balance as at 1 January 2018</b>	<b>12,148,371</b>	<b>679,938</b>	<b>87,761</b>	<b>4,736,141</b>	<b>17,652,211</b>
Net loss for the year	-	-	-	(4,969,920)	(4,969,920)
Provision for performing loans reversed during the year	-	-	(10,005)	-	(10,005)
Foreign exchange differences	(340,582)	(19,062)	(934)	(132,780)	(493,358)
<b>Balance as at 31 December 2018</b>	<b>11,807,789</b>	<b>660,876</b>	<b>76,822</b>	<b>(366,559)</b>	<b>12,178,928</b>

Prepared by:

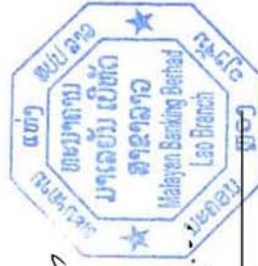


Mr. Sithiphon Sisudajan  
Head of Finance Department

Reviewed by:



Mr. Tan Teep Huat  
General Manager



Vientiane, Lao PDR

31 March 2019

# Maybank Lao 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
<b>Net loss before tax</b>		<b>(42,368,564)</b>	<b>(11,046,565)</b>	<b>(4,969,920)</b>	<b>(1,333,159)</b>
<i>Adjustments for:</i>					
Depreciation and amortization charges		875,856	1,214,854	102,740	146,849
Loan loss provision net expenses	12.2	38,929,570	33,459,837	4,566,519	4,038,117
Interest income		(17,148,799)	(83,673,411)	(2,011,590)	(10,098,167)
Interest expense		11,719,104	51,484,409	1,374,675	6,213,421
Foreign exchange gain arising from revaluation of monetary accounts denominated in foreign currency		(221,124)	(841,310)	(25,938)	(101,534)
<b>Cash flows (used in)/from operations before changes in operating assets and liabilities</b>		<b>(8,213,958)</b>	<b>(9,402,186)</b>	<b>(963,514)</b>	<b>(1,134,473)</b>
(Increase)/Decrease in operating assets					
Due from banks		251,403,753	1,642,696,345	29,490,176	198,249,854
Loans and advances to customers		(1,096,090)	(35,663,594)	(128,574)	(4,304,078)
Other assets		5,092,193	1,168,615	597,325	140,800
Increase/(Decrease) in operating liabilities					
Due to banks		(232,256,371)	(1,640,540,624)	(27,244,149)	(197,989,455)
Customer deposits and other amounts due to customers		20,230,995	(24,662,784)	2,373,137	(2,976,440)
Other liabilities		(5,285,127)	(371,262)	(619,956)	(44,805)
Interest received		23,898,818	107,217,133	2,803,381	12,939,553
Interest paid		(12,109,997)	(63,028,588)	(1,420,528)	(7,606,637)
Profit tax paid during the year	17	-	(6,708,567)	-	(813,880)
<b>Net cash flows from/(used in) operating activities</b>		<b>41,664,217</b>	<b>(29,295,512)</b>	<b>4,887,299</b>	<b>(3,539,561)</b>
<b>INVESTING ACTIVITIES</b>					
Payments to acquire property and equipment		(125,284)	(116,226)	(14,698)	(14,027)
<b>Net cash flows used in investing activities</b>		<b>(125,284)</b>	<b>(116,226)</b>	<b>(14,698)</b>	<b>(14,027)</b>

## Maybank Lao Branch

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

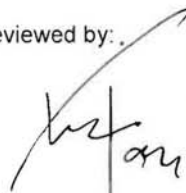
ITEMS	Notes	2018	2017	2018	2017
		LAK'000	LAK'000	USD equivalent	USD equivalent
<b>FINANCING ACTIVITIES</b>					
Net cash flows from financing activities		-	-	-	-
Net change in cash and cash equivalents		41,538,932	(29,411,738)	4,872,601	(3,553,588)
Cash and cash equivalents at the beginning of the year		182,187,438	211,599,176	21,987,381	25,877,360
Effect of foreign exchange differences		-	-	(616,420)	(336,391)
Cash and cash equivalents at the end of the year	20	223,726,370	182,187,438	26,243,562	21,987,381

Prepared by:



Mr. Sithiphon Sisudajan  
Head of Finance Department

Reviewed by:



Mr. Tan Tee Huat  
General Manager



Vientiane, Lao PDR

31 March 2019