

Maybank Lao Branch

Financial statements

For the year ended 31 December 2020

Maybank Lao Branch

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Maybank Lao Branch

GENERAL INFORMATION

THE BRANCH

Maybank Lao 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. 35/BOL granted by Bank of the Lao PDR ("the BOL") on 26 October 2012 and the second amended Banking License No. 18/BOL dated 19 November 2018.

As at opening of 1 January 2020 the Branch received of all assets and liabilities along with all right and obligation from Maybank Nongduang Branch according to the plan approved by BOL.

The initial registered capital of the Branch is LAK 100,661,400,000. The actual paid-up capital as at 31 December 2020 is LAK 200,783,129 (31 December 2019: LAK 100,661,400,000).

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

The Branch is located at No. 43, 45, 47 Lane Xang Avenue, Hatsady Village, Chantabouly District, Vientiane Lao PDR.

MANAGEMENT

Members of the Management during the year and at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mr. Tan Tee Huat	General Manager	Appointed on 12 March 2019
Ms. Phengsomchith Phonphosy	Deputy General Manager	Appointed on 1 January 2020
Mrs. Amphaivanh Muonghane	Head of Operation Department	Appointed on 1 April 2018
Mr. Sithiphon Sisudajan	Head of Finance Department	Appointed on 28 May 2018
Mr. Phethanousone Xayarath	Head of Business Development Department	Appointed on 1 November 2018
Mr. Keochai Mayyavongsink	Head of Credit Administration Department	Appointed on 1 January 2017

LEGAL REPRESENTATIVE

The legal representative of the Branch from 12 March 2019 to the date of this report is Mr. Tan Tee Huat – General Director.

AUDITORS

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

Maybank Lao Branch

REPORT OF BRANCH MANAGEMENT

Management of Maybank Lao Branch ("the Branch") is pleased to present this report and the Branch's financial statements for the year ended 31 December 2020.

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 fair view of the financial position of the Branch and 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 going concern basis unless it is inappropriate to presume that the Branch will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the 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.

For and on behalf of Management:



Vientiane, Lao PDR

29 April 2021



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Nongbone Village, Saysettha District
Vientiane Capital, Lao P.D.R.

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Reference: 61042000/22193338-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 statement of financial position as at 31 December 2020, 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 (ISA). 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.

Responsibilities of the Branch's Management for the Financial Statements

The Branch's 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 the 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.



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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 ISA 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 ISA, 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.

Anh Hoang Trinh
Partner

Audit Practising Registration
Certificate No. 011/LCPAA-APT-2018

Vientiane, Lao PDR

29 April 2021

Maybank Lao Branch

INCOME STATEMENT for the year ended 31 December 2020

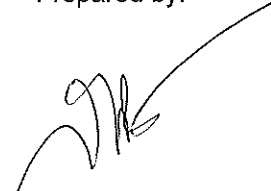
Code	ITEMS	Notes	2020 LAK'000	2019 LAK'000
A.	OPERATING INCOME AND EXPENSES			
1.	Interest and similar income	3	14,101,353	13,703,677
2.	Interest and similar expenses	3	(6,677,391)	(7,820,056)
I.	NET INTEREST AND SIMILAR INCOME		7,423,962	5,883,621
3	Fee and commission income	4	590,184	1,084,221
4	Fee and commission expenses	4	(135,893)	(104,061)
5	Net gain from dealing in foreign currencies		1,361,829	1,126,171
II.	NET OPERATING INCOME		9,240,082	7,989,952
B	OTHER INCOME AND EXPENSES			
6	Other operating income	5	1,157,910	497,327
7	Administration expenses		(8,322,107)	(7,741,643)
7.1	Payroll and other staff costs	6	(5,191,919)	(4,731,778)
7.2	Other administration expenses	7	(3,130,188)	(3,009,865)
8	Depreciation and amortization charges		(1,967,799)	(2,409,788)
9	Other operating expenses	8	(183,156)	(194,641)

Maybank Lao Branch

INCOME STATEMENT (continued)
for the year ended 31 December 2020

Code	ITEMS	Notes	2020 LAK'000	2019 LAK'000
10	Net provision charges for non-performing loans	12.2	(3,337,620)	(6,044,002)
III.	TOTAL LOSS BEFORE TAX		(3,412,690)	(7,902,795)
11	Current profit tax	17.3	-	-
IV.	LOSS AFTER TAX		(3,412,690)	(7,902,795)

Prepared by:



Mr. Sithipon Sisudajan
Head of Finance Department

Reviewed by:



Maybank Lao Branch
General Manager

Vientiane, Lao PDR

29 April 2021

Maybank Lao Branch

STATEMENT OF FINANCIAL POSITION as at 31 December 2020

Code	ASSETS	Notes	31/12/2020 LAK'000	31/12/2019 LAK'000
I	Cash and balances with Bank of the Lao PDR ("BOL")		135,927,913	161,658,850
1	Cash on hand	9	5,428,646	2,965,707
2	Balances with the BOL	10	130,499,267	158,693,143
II	Due from banks		209,155,540	154,000,840
1	Demand deposits	11.1	138,688,340	65,400,840
2	Term deposits	11.2	70,467,200	88,600,000
III	Loans and advances to customers, net of specific provision for credit activities	12	156,027,760	138,045,438
IV	Fixed assets and Right-of-use asset		11,103,135	8,966,479
1	Tangible fixed assets	13.1	1,515,204	2,249,813
2	Intangible assets	13.2	129,413	74,011
3	Fixed assets in transit	13.3	755,288	179,048
4	Right of use assets	13.4	8,703,230	6,463,607
V	Other assets		6,684,807	4,904,467
1	Accrued interest receivables		2,255,023	460,751
2	Other assets	14	4,429,784	4,443,716
	TOTAL ASSETS		518,899,155	467,576,074

Maybank Lao Branch

STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2020

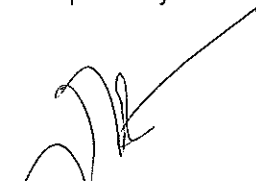
<i>Code</i>	<i>LIABILITIES AND CAPITAL</i>	<i>Notes</i>	<i>31/12/2020 LAK'000</i>	<i>31/12/2019 LAK'000</i>
I	Due to banks		136,691,772	164,836,367
1	Demand deposits	15.1	135,704,472	149,042,367
2	Term deposits	15.2	987,300	15,794,000
II	Due to customers	16	198,920,952	199,295,204
1	Demand deposits		22,774,829	23,182,741
2	Saving deposits		27,303,180	19,009,546
3	Term deposits		148,710,671	154,003,164
4	Other payable to customers		132,272	3,099,753
III	Other liabilities		13,851,084	7,499,109
1	Accrued interest payables		5,604,880	2,440,291
2	Tax payable	17.1	44,914	2,969
3	Other payables	18	8,201,290	5,055,849
	TOTAL LIABILITIES		349,463,808	371,630,680
IV	Capital and reserves			
1	Paid-up capital	19	200,783,129	100,661,400
2	Regulatory reserve fund		5,633,965	5,633,965
3	General provision for credit activities	12.2	768,821	677,735
4	Undistributed earnings		(37,750,568)	(11,027,706)
	TOTAL CAPITAL		169,435,347	95,945,394
	TOTAL LIABILITIES AND CAPITAL		518,899,155	467,576,074

Maybank Lao Branch

STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2020

Code	OFF BALANCE SHEET ITEMS	31/12/2020 LAK'000	31/12/2019 LAK'000
I	Commitments given		
1	Commitments for financing given to customers	5,425,553	12,739,912
	TOTAL COMMITMENTS GIVEN	5,425,553	12,739,912
II	Collaterals and Mortgages		
A	Collaterals and Mortgages for loans	617,187,075	589,762,455
1	Collaterals and Mortgages for loans to customers	617,187,075	589,762,455
B	Collaterals and Mortgages for guarantees	5,425,553	12,739,912
1	Collaterals and Mortgages for guarantees given to customers	5,425,553	12,739,912
	COLLATERALS AND MORTGAGES	622,612,628	602,502,367

Prepared by:



Mr. Sithipon Sisudajan
Head of Finance Department

Reviewed by:




Mr. Tan Tee Huat
General Manager

Vientiane, Lao PDR

29 April 2021

Maybank Lao Branch

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

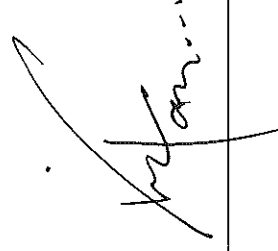
ITEMS	Paid-up capital LAK'000	Regulatory reserve fund LAK'000	General provision for credit activities LAK'000	Accumulated losses LAK'000	Total LAK'000
Balance as at 1 January 2020	100,661,400	5,633,965	677,735	(11,027,706)	95,945,394
Transferred from Maybank Nongduang Branch	100,121,729	-	179,196	(23,310,172)	76,990,753
Net loss for the year	-	-	-	(3,412,690)	(3,412,690)
Net general provision for normal or pass loans reversed during the year	-	-	(106,975)	-	(106,975)
Foreign exchange differences	-	-	18,865	-	18,865
Balance as at 31 December 2020	200,783,129	5,633,965	768,821	(37,750,568)	169,435,347

Prepared by:



Mr. Sithphon Sisudajan
Head of Finance Department

Reviewed by:



Mr. Tan Tee Huat
General Manager

Vientiane, Lao PDR

29 April 2021

Maybank Lao Branch

STATEMENT OF CASH FLOW for the year ended 31 December 2020

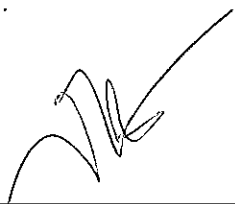
ITEMS	Notes	2020 LAK'000	2019 LAK'000
Net loss before tax		(3,412,690)	(7,902,795)
<i>Adjustments for:</i>			
Depreciation and amortization charges		1,967,799	2,409,788
Provision for credit losses	12.2	3,243,700	6,076,530
Interest income		(14,101,353)	(13,703,677)
Interest expense		6,677,391	7,820,056
Foreign exchange gain arising from revaluation of monetary accounts denominated in foreign currency		(1,361,829)	(1,126,171)
Cash flows used in operations before changes in operating assets and liabilities		(6,986,982)	(6,426,269)
(Increase)/Decrease in operating assets			
Due from banks		21,939,235	(38,867,355)
Loans and advances to customers		15,404,408	(8,627,784)
Other assets		(2,851,251)	7,748,728
Increase/(Decrease) in operating liabilities			
Due to banks		2,782,472	49,646,161
Customer deposits and other amounts due to customers		(15,887,898)	(15,309,250)
Other liabilities		3,820,119	190,286
Interest received		12,307,081	13,748,175
Interest paid		(3,512,801)	(12,854,295)
Net cash flows from/(used in) operating activities		27,014,383	(10,751,603)
INVESTING ACTIVITIES			
Payments to acquire property and equipment		(683,114)	(9,885,043)
Net cash flows used in investing activities		(683,114)	(9,885,043)

Maybank Lao Branch

STATEMENT OF CASH FLOW (continued)
for the year ended 31 December 2020

ITEMS	Notes	2020 LAK'000	2019 LAK'000
FINANCING ACTIVITIES			
Net cash flows from financing activities		-	-
Net change in cash and cash equivalents		26,331,269	(20,636,646)
Cash and cash equivalents at the beginning of the year		203,089,724	223,726,370
Effect of foreign exchange differences		-	-
Cash and cash equivalents at the end of the year	20	229,420,993	203,089,724

Prepared by:



Mr. Sithipon Sisudajan
Head of Finance Department

Reviewed by:



Mr. Tan Tee Huat
General Manager

Vientiane, Lao PDR

29 April 2021

Maybank Lao Branch

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2020 and for the year then ended

1. CORPORATE INFORMATION

Maybank Lao 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. 35/BOL granted by Bank of the Lao PDR ("the BOL") on 26 October 2012 and the second amended Banking License No. 18/BOL dated 19 November 2018.

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

Location

The Branch is located at No.43, 45, 47 Lane Xang Avenue, Hatsady Village, Chantabouly District, Vientiane, Lao PDR.

Employees

Total number of employees of the Branch as at 31 December 2020 is 28 people (2019: 21 people).

Significant event

As at 1 January 2020 the Branch received of all assets and liabilities along with all right and obligation from Malayan Banking Berhad Nongduang branch following the closure of the Nongduang branch according to the plan approved by BOL.

As part of the closure of Maybank Nongduang during 2019 certain assets, liabilities were transferred from Maybank Nongduang as follows:

	<i>For the year ended 31 December 2020 LAK'000</i>
Assets transferred from Maybank Nongduang	
Cash and balances with Bank of the LAO P.D.R	25,031,729
Amounts due from other banks	30,927,067
Loans and advances to customers	36,723,406
Fixed assets (net carrying amount)	-
Other assets	570,158
Total assets with Maybank Lao Branch	93,252,360
Liabilities transferred from Maybank Nongduang	
Due to customers	15,513,646
Other liabilities	747,961
Total liabilities with Maybank Lao Branch	16,261,607
Equities transferred from Maybank Nongduang	
Paid-up capital	100,121,729
General provision for credit activities	179,196
Undistributed earnings	(23,310,172)
Total Equities with Maybank Lao Branch	76,990,753

Maybank Lao Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

2.2. Basis of preparation

The Branch maintains its accounting records in Lao Kip ("LAK") and prepare its financial statements in thousands of Lao Kip ("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 the preparation and presentation of financial statements ("LAS").

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 fiscal year of the Branch starts on 1 January and ends on 31 December.

2.3. 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 2019.

2.4. Recognition of interest income and expenses

Interest income and expense are recognized in the income statement on an 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 becoming non-performing (See Note 2.8 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.

2.5. Recognition of fees and commission

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

Fee and commissions are recognized in income statement on a cash basis.

2.6. Cash and cash equivalents

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

Maybank Lao Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7. Loans to customers

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

2.8. 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").

The Branch also applies the Regulation 238/BOL dated 26 March 2020 and Guidance 249/BOL dated 11 May 2020 by the BOL on loan restructuring, extension and retention of loan classification group to assist the borrowers affected by Covid-19 pandemic. Accordingly, the Bank has restructured the loans qualified and retained their classification groups as before 01 January 2020.

Provision

In accordance with BOL512 and OL898, the Branch creates provision for loans based on their classification groups as follows:

Group	Provision rate	Provision type (i)	Accounting for provision balance (ii)	Accounting for changes in provision balance (iii)
<i>Performing loans</i>				
A	0.5%	General	In equity	Other operating expenses
B	3.0%	Specific	Deducted to loan balance	Other operating expenses
<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. Provision for performing loans = Provision rate x Loan outstanding balance
- b. Provision for non performing loans = Provision rate x (Loan outstanding balance – discounted value of collateral)

where the Branch has opted to not include the discounted value of collateral in the provision calculation as allowed by BOL512 and BOL898.

Maybank Lao Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- (ii) The balance of provision for *loans classified into Group A* is recorded in the balance sheet 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 specific provision for credit activities".

- (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".

2.9. Fixed assets

Fixed asset includes tangible fixed assets, intangible assets and fixed assets in transit. Tangible fixed assets consist of buildings and improvements, office equipment, furniture and fixtures, computer equipment and motor vehicles. Intangible assets include 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 balance sheet and any gains or losses resulting from their disposal are posted to the income statement.

2.10. Depreciation and amortization of fixed assets

Depreciation 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. 67/NA dated 18 June 2019 which is effective on or after 1 January 2020 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%

Intangible assets:

Computer software	20%
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Maybank Lao Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11. 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 2020, the Branch operated at loss and did not appropriate to these funds.

2.12 Leases

2.12.1. Right-of-use assets

At inception of a contract, the Branch assesses whether a contract is, or contains, a lease arrangement based on whether the contract that conveys to the user (the lessee) the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and services transactions, the consideration is allocated to each of these lease and non-lease components on conclusion and on each subsequent re-measurement of the contract on the basis of their relative stand-alone selling prices. The Branch combines lease and non-lease components, in cases where splitting the non-lease component is not possible.

The Branch recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease term includes periods covered by an option to extend if the Branch is reasonably certain to exercise that option. Unless the Branch is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment assessment.

2.12.2. Lease liabilities

At the commencement date of the lease, the Branch recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Branch and payments of penalties for terminating a lease, if the lease term reflects the Branch exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

Maybank Lao Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Leases (continued)

2.12.2. Lease liabilities (continued)

In calculating the present value of lease payments, the Branch uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

2.12.3. Short-term leases and leases of low-value assets

The Branch applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.12.4. Significant judgement in determining the lease term of contracts with renewal options

The Branch determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Branch applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Branch reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Branch included the renewal period as part of the lease term for leases of premises and IT equipment due to the significance of these assets to its operations.

2.13. Foreign currency transactions

Transactions in original currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at year end are translated into LAK at exchange rates ruling on the statement of financial position date (see the list of exchange rates of applicable foreign currencies against LAK on 31 December 2020 as presented below). All foreign exchange differences are taken into "Net gain/(loss) from dealing in foreign currencies" in the income statement.

	31 December 2020 LAK	31 December 2019 LAK
United State Dollar ("USD")	9,272	8,860
Thai Baht ("THB")	329.10	298

Maybank Lao Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14. 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 20% of total profit before tax for the year ended 31 December 2020 (2019: 24%) in accordance with the Tax Law No. 67/NA dated 18 June 2019 which is effective on or after 1 January 2020.

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.

2.15. 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.

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 2020, 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.

Maybank Lao Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. NET INTEREST AND SIMILAR INCOME

	2020 LAK'000	2019 LAK'000
Interest and similar income from:		
Interbank transactions	943,582	1,864,688
Loans to customers	13,157,771	11,838,989
	14,101,353	13,703,677
Interest and similar expenses for:		
Interbank transactions	(147,128)	(498,296)
Customer deposits	(6,530,263)	(7,321,760)
	(6,677,391)	(7,820,056)
Net interest and similar income	7,423,962	5,883,621

4. FEES AND COMMISSION INCOME

	2020 LAK'000	2019 LAK'000
Fees and commission income from:		
Trade finance activities	421,478	892,536
Settlement activities	168,706	191,685
	590,184	1,084,221
Fees and commission expense for:		
Transactions with customers	(135,893)	(104,061)
	(135,893)	(104,061)
Net fee and commission income	454,291	980,160

5. OTHER OPERATING INCOME

	2020 LAK'000	2019 LAK'000
Income from transactions with other banks	137,810	441,609
Reversal of provision for performing loans	93,920	-
Recovery of bad debts written off	917,603	44,000
Others	8,577	11,718
	1,157,910	497,327

6. PAYROLL AND OTHER STAFF COSTS

	2020 LAK'000	2019 LAK'000
Wages and allowances	5,029,192	4,522,150
Other staff costs	162,727	209,628
	5,191,919	4,731,778

Maybank Lao Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

7. OTHER ADMINISTRATION EXPENSES

	2020 <u>LAK'000</u>	2019 <u>LAK'000</u>
Office rental	209,915	189,519
Fuel	16,342	59,925
Office stationery	123,552	127,996
Publication, marketing and promotion	4,282	16,713
Telecommunication	153,970	77,084
Repair and maintenance	1,711,240	1,207,130
Electricity and water	157,714	126,300
Professional fees	326,868	387,725
Guest welcoming fee	489	4,138
Insurance fee	86,962	68,460
Office expenses	162,057	128,738
Consultant fees	168,581	605,009
Others	8,216	11,128
	<u>3,130,188</u>	<u>3,009,865</u>

8. OTHER OPERATING EXPENSES

	2020 <u>LAK'000</u>	2019 <u>LAK'000</u>
Provision expense for performing loans	-	32,528
Deposit insurance paid to Depositor Protection Fund	183,156	162,113
	<u>183,156</u>	<u>194,641</u>

9. CASH ON HAND

	31/12/2020 <u>LAK'000</u>	31/12/2019 <u>LAK'000</u>
Cash on hand in LAK	1,564,121	780,334
Cash on hand in foreign currencies	3,864,525	2,185,373
	<u>5,428,646</u>	<u>2,965,707</u>

Maybank Lao Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

10. BALANCES WITH THE BOL

	31/12/2020 LAK'000	31/12/2019 LAK'000
Demand deposits	85,304,007	134,723,177
Compulsory reserve	8,741,031	12,547,466
Registered capital reserve	36,454,229	11,422,500
	130,499,267	158,693,143

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

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 4.00% for LAK and 8.00% for foreign currencies, on a bi-monthly basis, (2019: 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 2020, the balance of special deposit of the Branch is LAK'000 36,454,229, which is equivalent to USD 3,931,647.

11. DUE FROM BANKS

11.1 Demand deposits

	31/12/2020 LAK'000	31/12/2019 LAK'000
Balances with domestic banks	951,353	13,256,112
Banque Pour le Commerce Extérieur Lao Public	951,353	13,256,112
Balances with overseas banks	137,736,987	52,144,728
Bangkok Bank Public Company Limited	1,061,794	1,878,110
Maybank - New York Branch	136,675,193	50,266,618
	138,688,340	65,400,840

11.2 Term deposits

	31/12/2020 LAK'000	31/12/2019 LAK'000
Balances with overseas bank	70,467,200	88,600,000
Maybank – Head Office	70,467,200	88,600,000
	70,467,200	88,600,000

The term deposits at Maybank - Head Office has the term of 3 months and earn interest rates ranging from 0.11% to 2.05% per annum.

Maybank Lao Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

12. LOANS AND ADVANCES TO CUSTOMERS, NET OF SPECIFIC PROVISION FOR CREDIT ACTIVITES

	31/12/2020 LAK'000	31/12/2019 LAK'000
Loans and advances to customers	156,908,807	139,903,791
<i>In which:</i>		
Financial institutions	32,686,470	40,340,541
Others	124,222,337	99,563,250
Less specific provision (Note 12.2)	(881,047)	(1,858,353)
<i>In which:</i>		
Specific provision for special mention loans	(36,657)	(16,636)
Specific provision for non-performing loans	(844,390)	(1,841,717)
	156,027,760	138,045,438
	2020 Interest rates % per annum	2019 Interest rates % per annum
Loans and advances in LAK	3.50 - 12.00	3.00 - 11.00
Loans and advances in USD	4.65 - 11.00	2.00 - 11.00
Loans and advances in THB	6.25 - 9.25	6.25 - 8.00

12.1 Analysis of loans to customers

Analysis by currency

	31/12/2020 LAK'000	31/12/2019 LAK'000
Loans and advances in LAK	94,576,917	68,105,989
Loans and advances in USD	39,510,540	52,575,000
Loans and advances in THB	22,821,350	19,222,802
	156,908,807	139,903,791

Analysis by status of loans

	31/12/2020 LAK'000	31/12/2019 LAK'000
Performing loans	154,986,055	136,101,591
Non-performing loans	1,922,752	3,802,200
	156,908,807	139,903,791

Analysis by original terms

	31/12/2020 LAK'000	31/12/2019 LAK'000
Short-term loans	93,962,491	95,774,918
Medium-term loans	6,518,642	13,135,696
Long-term loans	56,427,674	30,993,177
	156,908,807	139,903,791

Maybank Lao Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

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

12.1 Analysis of loans to customers (continued)

Analysis by industrial sector

	31/12/2020 LAK'000	31/12/2019 LAK'000
Construction companies	1,608,899	1,215,804
Trading companies	69,463,864	53,332,597
Service companies	58,045,213	56,535,775
Handicrafts	131,503	292,014
Other loans	27,659,328	28,527,601
	156,908,807	139,903,791

12.2 Changes in provision for credit losses

Movement of loan loss provision of the Branch during the year ended 31 December 2020 is as follows:

	Specific provision for non- performing loans ("NPL") LAK'000	Specific provision for special mention loans LAK'000	General provision for normal or pass loans LAK'000	Total LAK'000
Balance as at 31 December 2019	1,841,717	16,636	677,735	2,536,088
Transferred from Maybank Nongduang Branch	321,057	-	179,196	500,253
Provision charged to/(reversed from) expense	3,337,620	13,055	(106,975)	3,243,700
Bad debts written-off	(4,635,039)	-	-	(4,635,039)
Foreign exchange differences	(20,965)	6,966	18,865	4,866
Balance as at 31 December 2020	844,390	36,657	768,821	1,649,868

The breakdown of loan classification and provision as at 31 December 2020 are as follows:

Classification	Loan balance LAK'000	Sepcific provision LAK'000	General provision LAK'000	Total provision LAK'000
Normal or Pass	153,764,153	-	768,821	768,821
Watch or Special Mention	1,221,902	36,657	-	36,657
Sub-standard	389,954	77,991	-	77,991
Doubtful	1,532,798	766,399	-	766,399
Loss	-	-	-	-
Total	156,908,807	881,047	768,821	1,649,868

Maybank Lao Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

13. FIXED ASSETS AND RIGHT-OF-USE ASSETS

13.1 Tangible fixed assets

Movements of tangible fixed assets during the year ended 31 December 2020 are as follows:

	Building and improvement LAK'000	Office equipment LAK'000	Furniture and fixtures LAK'000	Computer equipment LAK'000	Motor vehicles LAK'000	Total LAK'000
Cost:						
As at 31 December 2019	6,928,381	510,159	180,733	1,553,331	855,971	10,028,575
Transferred from Nongduang Branch	4,644,183	314,389	669,207	1,231,827	-	6,859,606
Other additions	-	-	-	30,799	-	30,799
As at 31 December 2020	11,572,564	824,548	849,940	2,815,957	855,971	16,918,980
Accumulated depreciation:						
As at 31 December 2019	4,923,296	454,919	120,720	1,423,856	855,971	7,778,762
Transferred from Nongduang Branch	4,644,183	314,389	669,207	1,231,827	-	6,859,606
Other charge for the year	692,840	26,338	14,665	31,565	-	765,408
As at 31 December 2020	10,260,319	795,646	804,592	2,687,248	855,971	15,403,776
Net book value:						
As at 31 December 2019	2,005,085	55,240	60,013	129,475	-	2,249,813
As at 31 December 2020	1,312,245	28,902	45,348	128,709	-	1,515,204

Maybank Lao Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

13. FIXED ASSETS AND RIGHT-OF-USE ASSETS (continued)

13.2 Intangible assets

Movements of intangible assets during the year ended 31 December 2020 are as follows:

	<i>Computer software LAK'000</i>
Cost:	
As at 31 December 2019	339,555
Transferred from Maybank Nongduang Branch	1,378,559
Other additions for the year	76,076
As at 31 December 2020	<u>1,794,190</u>
Accumulated depreciation:	
As at 31 December 2019	265,544
Transferred from Maybank Nongduang Branch	1,378,559
Other charge for the year	20,674
As at 31 December 2020	<u>1,664,777</u>
Net book value:	
As at 31 December 2019	<u>74,011</u>
As at 31 December 2020	<u>129,413</u>

13.3 Fixed assets in transit

	31/12/2020 LAK'000	31/12/2019 LAK'000
Tangible assets	556,134	-
Intangible assets	199,154	179,048
	<u>755,288</u>	<u>179,048</u>

13.4 Right of use assets

	<i>Right-of-use assets LAK'000</i>
Cost:	
As at 1 January 2020	8,064,476
Addition	3,421,340
As at 31 December 2020	<u>11,485,816</u>
Accumulated depreciation:	
As at 1 January 2020	1,600,869
Charge during the year	1,181,717
As at 31 December 2020	<u>2,782,586</u>
Net book value:	
As at 1 January 2020	<u>6,463,607</u>
As at 31 December 2020	<u>8,703,230</u>

Maybank Lao Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

13. FIXED ASSETS AND RIGHT-OF-USE ASSETS (continued)

13.4 Right of use assets (continued)

Set out below are the carrying amounts of lease liabilities (included under 'Other payables' in Note 18) and the movements during the period:

	2020 LAK'000	2019 LAK'000
As at 1 January	4,053,827	-
Additions	3,058,129	6,629,156
Accretion of interest	209,915	231,519
Payment	(554,700)	(2,806,848)
Exchange differences	176,154	-
As at 31 December	6,943,325	4,053,827

14. OTHER ASSETS

	31/12/2020 LAK'000	31/12/2019 LAK'000
Prepaid expenses waiting allocation	110,743	68,188
Profit tax prepayment (Note 17.2)	4,065,324	4,065,324
Suspend asset items	629	32,933
Others	253,088	277,271
	4,429,784	4,443,716

15. DUE TO BANKS

15.1 Demand deposits

	31/12/2020 LAK'000	31/12/2019 LAK'000
Balances of foreign banks	135,704,472	118,115,300
Malayan Banking Berhad, Head Office	135,704,472	118,115,300
Balances of domestic banks	-	30,927,067
Maybank – Nongduang Branch	-	30,927,067
	135,704,472	149,042,367

15.2 Term deposits

	31/12/2020 LAK'000	31/12/2019 LAK'000
Balances of domestic banks		
Bangkok Bank Public Company Limited - Vientiane Branch	-	15,794,000
Kasikornthai Bank Limited	987,300	-
	987,300	15,794,000

The term deposits from Kasikornthai Bank Limited are denominated in THB, have terms of 3 months and bear interest at the rate of 3% per annum.

Maybank Lao Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

16. DUE TO CUSTOMERS

Details of amounts due to customers as at 31 December 2020 are as follows:

	31/12/2020 LAK'000	31/12/2019 LAK'000
Demand deposits	22,774,829	23,182,741
- in LAK	6,331,721	3,750,491
- in foreign currencies	16,443,108	19,432,250
Saving deposits	27,303,180	19,009,546
- in LAK	27,303,180	19,009,546
- in foreign currencies	-	-
Term deposits	148,710,671	154,003,164
- in LAK	144,816,431	153,993,466
- in foreign currencies	3,894,240	9,698
Other payables	132,272	3,099,753
- in LAK	132,272	55,640
- in foreign currencies	-	3,044,113
	198,920,952	199,295,204

The interest rates for these deposits are as follows:

	2020 Interest rate % p.a.	2019 Interest rate % p.a.
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	3.16 - 6.77
Term deposits in foreign currencies	2.65 - 5.00	3.00 - 5.00

17. TAXATION

17.1 Taxes payable

	31/12/2020 LAK'000	31/12/2019 LAK'000
Withholding tax	44,914	2,969
	44,914	2,969

17.2 Taxes prepayment

	31/12/2020 LAK'000	31/12/2019 LAK'000
Profit tax prepayment	(4,065,324)	(4,065,324)
	(4,065,324)	(4,065,324)

Maybank Lao Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

17. TAXATION (continued)

17.3 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 20% at total profit before tax in accordance with the Tax Law No.67/NA dated 18 June 2019 which is effective on or after 1 January 2020.

Details of profit tax ("PT") provision for the years 2019 and 2020 are as follows:

	2020 LAK'000	2019 LAK'000
Loss before tax in accordance with Lao Accounting System	(3,412,690)	(7,902,795)
Less: Non-taxable income	(1,332,830)	(1,126,171)
Add: Non-deductible expense	77,651	6,875,399
Taxable loss	(4,667,869)	(2,153,567)
PT expenses at 20% of taxable profit (2019: 24%)	-	-
Current PT expense	-	-
PT (recoverable)/ payable at the beginning of the year	(4,065,324)	(4,065,324)
PT paid during the year	-	-
PT recoverable at the end of the year	(4,065,324)	(4,065,324)

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.

Tax losses carried forward

For tax loss incurred in 2020, in accordance with the amended Tax Law No. 64/NA dated 18 June 2019, article 23, annual losses which are certified by the audit authority or an independent audit firm and acknowledged by the tax authorities, are eligible to be carried forward to offset with future taxable profits for a period of five years after the losses incurred.

Tax losses incurred in 2019 and before are eligible to be carried forward to offset with future taxable profits for a period of three years after the losses incurred, in accordance with the previous Tax Law.

At the balance sheet date, the Branch has aggregated accumulated tax losses of LAK'000 49,190,001 (31 December 2019: LAK'000 44,522,132) available for offset against future taxable profits. Details are as follows:

Maybank Lao Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

17. TAXATION (continued)

17.3 Profit tax (continued)

Year	<i>The last year loss can be carried forward</i> LAK'000	<i>Taxable loss incurred</i> LAK'000	<i>Utilized in the year</i> LAK'000	<i>Unutilized as at the reporting date</i> LAK'000
2018 (*)	2021	(42,368,565)	-	(42,368,565)
2019 (*)	2022	(2,153,567)	-	(2,153,567)
2020 (*)	2025	(4,667,869)	-	(4,667,869)
		(49,190,001)	-	

(*) At the date of these financial statements, the tax assessment for the years ended 31 December 2018, 31 December 2019 and 31 December 2020 has not been finalised by the Tax Authority.

18. OTHER PAYABLES

	31/12/2020 LAK'000	31/12/2019 LAK'000
Payables to external parties	813,553	346,006
Payables to employees	414,206	572,999
Others	30,206	83,017
Lease liabilities	6,943,325	4,053,827
	8,201,290	5,055,849

19. PAID-UP CAPITAL

The movement of paid up capital during the year is presented below:

	2020 LAK'000	2019 LAK'000
Opening balance	100,661,400	100,661,400
Transferred from Nongduang Branch	100,121,729	-
Closing balance	200,783,129	100,661,400

20. CASH AND CASH EQUIVALENTS

	31/12/2020 LAK'000	31/12/2019 LAK'000
Cash on hand	5,428,646	2,965,707
Current accounts with the BOL	85,304,007	134,723,177
Current accounts with other banks	138,688,340	65,400,840
	229,420,993	203,089,724

Maybank Lao Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

21. 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.

Balances with related parties as at 31 December 2020 and 31 December 2019 are as follows:

	<i>31/12/2020</i>	<i>31/12/2019</i>
	<i>Receivables/ (payables)</i>	<i>Receivables/ (payables)</i>
	<i>LAK'000</i>	<i>LAK'000</i>
Interbank with Maybank - Head Office		
Vostro account	(135,704,472)	(118,115,300)
Term deposits	70,467,200	88,600,000
Interbank with Maybank - New York Branch		
Nostro account	136,675,194	50,266,618
Interbank with Maybank - Nongduang Branch		
Vostro account	-	30,927,067

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

	<i>2020</i>	<i>2019</i>
	<i>LAK'000</i>	<i>LAK'000</i>
Interest income for term deposit at Maybank – Nongduang Branch	-	(2,203)
Interest income for term deposit to Maybank HQ	(943,582)	(1,187,258)
	(943,582)	(1,189,461)

Maybank Lao Branch

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

21. RELATED PARTY TRANSACTIONS (continued)

Transactions with key management personnel of the Branch

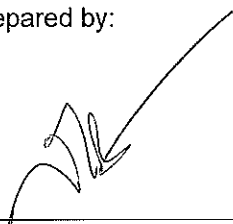
Remuneration to members of the Board of Management is as follows:

	31/12/2020 LAK'000	31/12/2019 LAK'000
Salaries	1,473,511	1,239,734
Bonus and other benefits	-	1,814,378
	1,473,511	3,054,112

22. EVENTS AFTER THE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since 31 December 2020 that requires adjustment or disclosure to be made in the financial statements of the Branch.

Prepared by:



Mr. Sithiphon Sisudajan
Head of Finance Department

Vientiane, Lao PDR

29 April 2021

Reviewed by:



Mr. Tan Tee Huat
General Manager