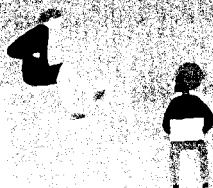


CIMB THAI BANK PUBLIC COMPANY LIMITED
VIENTIANE BRANCH

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FINANCIAL STATEMENTS

31 DECEMBER 2021



CIMB THAI BANK PUBLIC COMPANY LIMITED
VIENTIANE BRANCH

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CIMB THAI BANK PUBLIC COMPANY LIMITED
VIENTIANE BRANCH

Branch information

Branch	CIMB Thai Bank Public Company Limited Vientiane Branch
Registration no.	01/Tor Hor Lor, Granted by BoL on dated 16 January 2015
Registered office	010 Lane Xang Avenue, Unit 2, Ban Hatsadi, Chanthabury District, Vientiane, Lao PDR
General Manager	Mrs. Unchalee Suwannasin
Auditor	PricewaterhouseCoopers (Lao) Sole Company Limited

Manager's responsibility in respect of the financial statements

The General Manager is responsible for ascertaining that the financial statements are properly drawn up so as to present fairly the financial position of the Branch as at 31 December 2021 and the result of operations and cash flows for the year then ended in accordance with International Financial Reporting Standards. In preparing these financial statements, the General Manager is required to:

- i) adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- ii) comply with the presentation and disclosure requirements of the International Financial Reporting Standards or, if there have been any departures in the interest of fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- iii) maintain adequate accounting records and an effective system of internal controls;
- iv) prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Branch will continue operations in the foreseeable future; and
- v) control and direct effectively the Branch in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The General Manager confirms that the Branch has complied with the above requirements in preparing the financial statements for the year ended 31 December 2021.



Ms. Unchalee Suwannasin
General Manager

28 April 2022



Independent auditor's report

To the General Manager of CIMB Thai Bank Public Company Limited - Vientiane Branch

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CIMB Thai Bank Public Company Limited - Vientiane Branch ("the Branch") as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Branch's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in head office account for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Branch in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of Matter

We draw attention to Note 2.1 to the financial statements, which describes the intention of management to close and liquidate the Branch. These financial statements have, therefore, been prepared using a liquidation basis of accounting. Our opinion is not modified in respect of this matter.



Responsibilities of management for the financial statements

The General Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as the General Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the General Manager 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 the General Manager 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.

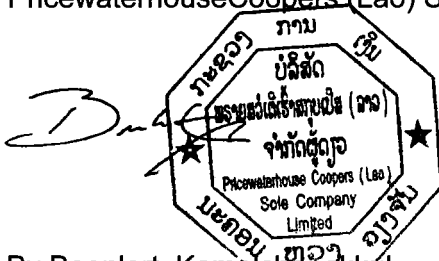
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. we also:

- 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 General Manager.
- Conclude on the appropriateness of the General Manager 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the General Manager 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.

PricewaterhouseCoopers (Lao) Sole Company Limited

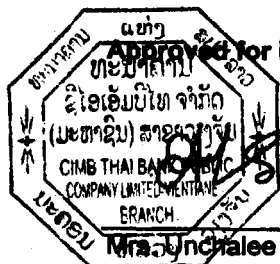


By Boonlert Kamolchanokkul
Partner

Vientiane Capital, Lao PDR
28 April 2022

CIMB THAI BANK PUBLIC COMPANY LIMITED - VIENTIANE BRANCH
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	2021 LAK	2020 LAK
Assets			
Cash and cash equivalents	4	131,078,473,205	122,542,990,120
Statutory deposits	5	58,314,484	147,445,397
Property and equipment, net	6	17,766,115	27,113,795
Intangible asset, net		2	2
Total Assets		131,154,553,806	122,717,549,314
Liabilities and Head Office Account			
Liabilities			
Deposit from customers	7	788,678,589	1,714,106,467
Deposit and placement of banks	8	33,123,544,674	30,764,444,674
Borrowing	9, 17	64,158,500,000	53,348,500,000
Employee benefit obligation	10	346,460,000	367,144,371
Other liabilities	11	3,608,153,322	3,755,547,181
Total Liabilities		102,025,336,585	89,949,742,693
Head Office Account			
Branch capital	12	100,111,940,337	100,111,940,337
Deficits - Unappropriated		(71,427,377,215)	(67,788,787,815)
Other component of equity		444,654,099	444,654,099
Total Head Office Account		29,129,217,221	32,767,806,621
Total Liabilities and Head Office Account		131,154,553,806	122,717,549,314



Approved for issue and signed on 28 April 2022

Mrs. Unchalee Suwannasin
General manager

The accompanying notes are an integral part of these financial statements.

CIMB THAI BANK PUBLIC COMPANY LIMITED - VIEN
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 LAK	2020 LAK
Interest income	13	-	534,176,370
Interest expenses	14	(10,360,116)	(16,005,165)
Net interest income		(10,360,116)	518,171,205
Fees and service income		55,357,834	49,698,581
Loss on foreign exchange translation		(475,983,827)	(11,043,654)
Administrative and other operating expenses	15	(3,207,603,291)	(6,682,822,527)
Loss before tax		(3,638,589,400)	(6,125,996,395)
Income tax expenses	16	-	-
Loss for the years		(3,638,589,400)	(6,125,996,395)
Other comprehensive expense			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of post-employment benefit obligation	10	-	(5,423,592)
Other comprehensive expense for the years		-	(5,423,592)
Total comprehensive expense for the years		(3,638,589,400)	(6,131,419,987)

The accompanying notes are an integral part of these financial statements.

CIMB THAI BANK PUBLIC COMPANY LIMITED - VIENTIANE BRANCH
STATEMENT OF CHANGES IN HEAD OFFICE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Branch capital LAK	Deficit LAK	Other component of equity LAK	Total LAK
Balance as at 1 January 2021		100,111,940,337	(67,788,787,815)	444,654,099	32,767,806,621
Loss for the year		-	(3,638,589,400)	-	(3,638,589,400)
Balance as at 31 December 2021		<u>100,111,940,337</u>	<u>(71,427,377,215)</u>	<u>444,654,099</u>	<u>29,129,217,221</u>
Balance as at 1 January 2020		100,111,940,337	(61,662,791,420)	450,077,691	38,899,226,608
Loss for the year		-	(6,125,996,395)	-	(6,125,996,395)
Remeasurement of post-employment benefit obligations	10	-	-	(5,423,592)	(5,423,592)
Balance as at 31 December 2020		<u>100,111,940,337</u>	<u>(67,788,787,815)</u>	<u>444,654,099</u>	<u>32,767,806,621</u>

CIMB THAI BANK PUBLIC COMPANY LIMITED - VIENTIANE BRANCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 LAK	2020 LAK
Cash flows from operating activities			
Loss before tax		(3,638,589,400)	(6,125,996,395)
Items to reconcile loss before tax			
to cash paid from operating activities			
Depreciation expenses	6	9,347,680	20,253,985
Interest income	13	-	(534,176,370)
Interest expenses	14	10,360,116	16,005,165
Unrealised loss on foreign exchange		13,197,989,765	3,746,550,000
Reversal of impairment		-	(1,631,730)
(Reversal of) Employee benefit expense	10	(20,684,371)	95,502,960
Loss (gain) from operating activities before changes in operating assets and liabilities		9,558,423,790	(2,783,492,385)
Decrease in operating assets			
Loans and advances to customer, net		-	15,000,000,000
Other assets		-	1,186,732,564
(Decrease) increase in operating liabilities:			
Deposit from customers		(925,427,878)	(1,623,720,444)
Deposit and placement of banks		-	(1,085,948)
Employee benefit obligations paid	10	-	(162,881,299)
Other liabilities		(174,962,397)	3,512,268,671
Cash before interest provided by operating activities		8,458,033,515	15,127,821,159
Cash received from interest income		-	539,426,370
Cash paid for interest expenses		(11,681,343)	(16,028,106)
Net cash provided by operating activities		8,446,352,172	15,651,219,423
Cash flows from investing activities			
Proceeds from redemption of statutory deposits		89,130,913	110,246,222
Cash received from redemption of debt instruments		-	30,000,000,000
Cash paid for purchase of equipment	6	-	(1,401,000)
Net cash provided by investing activities		89,130,913	30,108,845,222
Net increase in cash and cash equivalents		8,535,483,085	45,760,064,645
Cash and cash equivalents at the beginning of the year		122,542,990,120	76,782,925,475
Cash and cash equivalents at the end of the year		<u>131,078,473,205</u>	<u>122,542,990,120</u>

The accompanying notes are an integral part of these financial statements

CIMB THAI BANK PUBLIC COMPANY LIMITED - VIENTIANE BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1 General information

CIMB Thai Bank Public Company Limited ("the Bank") is incorporated in Thailand. The Vientiane Branch ("the Branch") is a branch office of the Bank that operates in the Lao People's Democratic Republic ("Lao PDR"). The Branch started its operations under a banking license (License no. 14/Tor Hor Lor) granted by the Bank of Lao PDR ("BoL") on 4 June 2014. The principal activity of the Branch is the provision of corporate banking and related financial services in Lao PDR.

The Branch's registered address is 010 Lane Xang Avenue, Unit 2, Ban Hatsadi, Chanthabury District, Vientiane, Lao PDR.

BoL's regulation number 338/Tor.Aor.Tor dated 13 September 2012 requires banks in Lao PDR to prepare a separated set of financial statements in accordance with International Financial Reporting Standards. Apart from this set, the Branch has prepared the financial statements in accordance with regulations of the Bank of Lao PDR and the Branch's principal accounting policies. Therefore, the Branch has 2 financial statements as the follows:

1. In accordance with regulations of the Bank of Lao PDR and the Branch's principal accounting policies ("Lao Practice")
2. In accordance with International Financial Reporting Standards ("IFRS Practice").

The financial statements were approved for issue by the Branch's General Manager on 28 April 2022.

2 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these Branch's financial statements are set out below.

2.1 Basis of preparation

The Branch's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretation. The Branch's financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The Branch's financial statements are presented in LAK, which is the Branch's presentation currency.

The shareholders passed a resolution to approve the dissolution of the Branch on 26 June 2020. The Branch obtained dissolution approval from the BoL on 26 August 2021 and the formal closing date is not finalised. Therefore, the Branch has applied a liquidation basis in preparation of the financial statements since the year ended 31 December 2020. All remaining assets are stated at the lower of carrying amount or estimated realised amounts and all liabilities are stated at the estimated settlement amount.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Branch's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Branch financial statements are disclosed in

CIMB THAI BANK PUBLIC COMPANY LIMITED - VIENTIANE BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies (Cont'd)

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Branch are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Lao PDR, Lao KIP ("LAK") which is the Branch's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. All foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2.3 Financial assets and liabilities

2.3.1 Financial assets

a) Classification, recognition, derecognition and measurement

The Branch classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

The Branch classify their financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model with the objective of collecting the contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

CIMB THAI BANK PUBLIC COMPANY LIMITED - VIENTIANE BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies (Cont'd)

2.3 Financial assets and liabilities (Cont'd)

2.3.1 Financial assets (Cont'd)

a) Classification, recognition, derecognition and measurement (Cont'd)

Financial assets are recognised on trade date, the date on which the Branch commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Branch has transferred substantially all the risks and rewards of ownership.

Loan and receivable and accrued interest receivables are initially recognised at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Branch's business model for managing the asset and the cash flow characteristics of the asset. The Branch classify is debt instrument as financial assets at amortised cost which asset that is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

The financial assets that are hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are subsequently measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

CIMB THAI BANK PUBLIC COMPANY LIMITED - VIENTIANE BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies (Cont'd)

2.3 Financial assets and liabilities (Cont'd)

2.3.1 Financial assets (Cont'd)

b) Impairment

The Branch assesses on a forward looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Branch recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

c) Reclassification of financial assets

The Branch reclassify financial assets when and only when their business model for managing those assets changes.

2.3.2 Financial liabilities

Financial liabilities that are not classified as fair value through profit or loss fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are deposit from customers, deposit and placement of banks and borrowing.

2.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Branch's statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.5 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

CIMB THAI BANK PUBLIC COMPANY LIMITED - VIENTIANE BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies (Cont'd)

2.6 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost.

2.7 Statutory deposits

Statutory deposits are maintained with the BoL in compliance with BoL regulations, the amounts of which are determined as defined percentages of the Branch's capital and customer's deposit with the Branch.

2.8 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and allowance for impairment, where required.

Costs of minor repairs and day-to-day maintenance are expensed when incurred. Costs of replacing major parts or components of property and equipment items are capitalised, and the replaced part is retired.

At the end of each reporting period, management assesses whether there is any indication of impairment of property and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the period. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Gains and losses on disposals determined by comparing proceeds with carrying amount are recognised in profit or loss for the period (within other operating income or expenses).

Depreciation on other items of property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

Leasehold improvement	The minimum of lease period or 10 years
Furniture and equipment	5 years
Computer hardware	5 years
Motor Vehicles	5 years

The residual value of an asset is the estimated amount that the Branch would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

CIMB THAI BANK PUBLIC COMPANY LIMITED - VIENTIANE BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies (Cont'd)

2.9 Intangible assets

The Branch's intangible assets other than goodwill have definite useful life and primarily include capitalised computer software. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Development costs that are directly associated with identifiable and unique software controlled by the Branch are recorded as intangible assets if the inflow of incremental economic benefits exceeding costs is probable. Capitalised costs include staff costs of the software development team and an appropriate portion of relevant overheads. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred. Capitalised computer software is amortised on a straight line basis over expected useful lives of 2 years.

2.10 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Branch operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

CIMB THAI BANK PUBLIC COMPANY LIMITED - VIENTIANE BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies (Cont'd)

2.11 Employee benefits

2.11.1 Short-term obligations

Liabilities for wages and salaries expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as payables in the statement of financial position.

2.11.2 Post-employment obligations

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of comprehensive income.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in other component equity in the statement of changes in Head Office Account and statement of financial position.

The obligation is equal to 15% of the basic monthly salary for every month of service for dismissed employees who have worked for the Branch for more than three years. Otherwise, the obligation is equal to 10% of the basic monthly salary.

Since the branch obtained dissolution approval from the BoL on 26 August 2021 but the formal closing date is not finalised, the Branch estimated the employee compensation equal to the rate per labor law time total working month as at 31 December 2021.

2.12 Deposit from Customers

Customer accounts are non-derivative liabilities to individuals, state or corporate customers and are carried at amortised cost.

2.13 Provisions

Provisions are recognised when it's probable that outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

2.14 Recognition of income and expenses

2.14.1 Interest income and expenses

Interest income and expense are recognised for all interest - bearing financial instrument on accrual basis using the effective interest method within 'Interest income' and 'Interest expenses' in the statement of comprehensive income except for financial assets that are not 'Purchase or originated credit-impaired' (POCI) but have subsequently become credit-impaired (or 'stage 3'), for which interest income is calculated by applying the effective interest rate

CIMB THAI BANK PUBLIC COMPANY LIMITED - VIENTIANE BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies (Cont'd)

2.14 Recognition of income and expenses (Cont'd)

2.14.1 Interest income and expenses (Cont'd)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Branch estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all material fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

When the Branch revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liabilities is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

2.14.2 Fees and commission income and expenses

Fees are generally recognised when the service has been provided. Commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party are recognised on completion of the underlying transaction.

2.15 Operating lease - for lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Branch as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to make to the lessor by way of penalty is recognised as expense in the period in which termination takes place.

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2 Summary of significant accounting policies (Cont'd)

2.16 Related parties

Enterprises or individuals that, directly or indirectly through one or more intermediaries, control, or are under controlled by, or are under common control with, the Branch, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Branch. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Branch that gives them significant influence over the Branch, key management personnel, including directors and officers of the Branch and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

3 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Branch's accounting policies. The significant areas requiring management to make judgments and estimates that affect reported amounts and disclosures in the financial statements are as follows:

3.1 Impairment of amortised assets

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that required the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). At initial recognition, allowance is required for ECL resulting from default events that are possible within the next 12 months, or less, where the remaining life is less than 12 months ('12 months ECL'). In the event of a significant increase in credit risk, allowance is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment so are considered to be in default or otherwise credit impaired are in 'stage 3'.

Credit impaired (stage 3)

The Branch determines that a financial instrument is credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- contractual payments of either principal or interest are past due for more than 90 days;
- there are other indications that the borrower is unlikely to pay, such as when a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; and
- the loan is otherwise considered to be in default

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3 Critical accounting estimates and judgements (Cont'd)

3.1 Impairment of amortised assets (Cont'd)

If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due, even where regulatory rules permit default to be defined based on 180 days past due. Therefore, the definitions of credit impaired and default are aligned as far as possible so that stage 3 represents all loans that are considered defaulted or otherwise credit impaired.

Significant increased in credit risk (stage2)

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument. The assessment explicitly or implicitly compares the risk of default occurring at the reporting date compared with that at initial recognition, taking into account reasonable and supportable information, including information about past events, current conditions and future economic conditions. The assessment is unbiased, probability-weighted, and to the extent relevant, uses forward-looking information consistent with the used in the measurement of ECL. The analysis of credit risk is multifactor. The determination of whether a specific is relevant and its weight compared with other factors depends on the type of product, the characteristics of the financial instrument and the borrower, and the geographical region. Therefore, it is not possible to provide a single set of criteria that will determine what is considered to be a significant increase in credit risk, and these criteria will differ for different types of leding, particularly between retail and wholesale. However, unless identified at an earlier stage, all financial assets deemed to have suffered a significant increases in credit risk when 30 days past due. In addition, wholesale loans that are individually assessed, typically corporate and commercial, and included on a watch or worry list, are including in stage 2.

Unimpaired and without significant increase in credit risk - (stage1)

ECL resulting from default events that are possible within the next 12 months (12-month ECL) are recognised for financial instruments that remain in stage 1.

3.2 Post-employment benefit obligation

Since the branch obtained dissolution approval from the BoL on 26 August 2021 but the formal closing date is not finalised, the Branch estimated the employee compensation equal to the rate per labor law time total working month as at 31 December 2021.

3.3 Property, equipment and intangible assets

The Branch determines the estimated useful lives and residual values for the Branch' property, equipment and intangible assets. General Manager will revise the depreciation charge where useful lives and residual values are different than previously estimated, or it will write off or write down technically obsolete or assets that have been abandoned or sold.

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4 Cash and cash equivalents

	2021 LAK	2020 LAK
Cash on hand	952,436,294	665,374,291
Deposits held at call with banks	130,126,036,911	121,877,615,829
Total	131,078,473,205	122,542,990,120

5 Statutory deposits

	2021 LAK	2020 LAK
Statutory deposits on:		
Branch Capital	11,940,337	11,940,337
Customer Deposits	46,374,147	135,505,060
Total statutory deposits	58,314,484	147,445,397

Statutory deposits on capital are maintained with the BoL in compliance with BoL regulations, the amounts of which are determined as not less than 25% of the Branch's capital. This deposit does not earn interest. However, the Branch has less than the minimum because the branch is in the process of liquidation which BoL already approved on 26 August 2021.

Statutory deposits on customer deposits with BoL are maintained in compliance with applicable BoL regulations, the amounts of which are determined as a defined percentage of customers' deposits with the Branch, i.e. 5% on bi-weekly average deposits of Lao Kip and 10% on bi-weekly average deposits of United States Dollar and Thai Baht.

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6 Property and equipment, net

	Leasehold improvement LAK	Furniture and equipment LAK	Computer hardware LAK	Motor vehicle LAK	Total LAK
At 1 January 2020					
Cost	4,250,200,490	1,465,793,162	381,695,454	11,725,000	6,109,414,106
<u>Less</u> Accumulated depreciation	<u>(4,220,875,884)</u>	<u>(1,449,225,977)</u>	<u>(381,620,465)</u>	<u>(11,725,000)</u>	<u>(6,063,447,326)</u>
Net book amount	<u>29,324,606</u>	<u>16,567,185</u>	<u>74,989</u>	<u>-</u>	<u>45,966,780</u>
For the year ended 31 December 2020					
Opening net book amount	29,324,606	16,567,185	74,989	-	45,966,780
Additions	-	1,401,000	-	-	1,401,000
Depreciation charge	<u>(11,571,165)</u>	<u>(8,607,834)</u>	<u>(74,986)</u>	<u>-</u>	<u>(20,253,985)</u>
Closing net book amount	<u>17,753,441</u>	<u>9,360,351</u>	<u>3</u>	<u>-</u>	<u>27,113,795</u>
At 31 December 2020					
Cost	4,250,200,490	1,466,075,861	381,695,454	11,725,000	6,109,696,805
<u>Less</u> Accumulated depreciation	<u>(4,232,447,049)</u>	<u>(1,456,715,510)</u>	<u>(381,695,451)</u>	<u>(11,725,000)</u>	<u>(6,082,583,010)</u>
Net book amount	<u>17,753,441</u>	<u>9,360,351</u>	<u>3</u>	<u>-</u>	<u>27,113,795</u>
For the year ended 31 December 2021					
Opening net book amount	17,753,441	9,360,351	3	-	27,113,795
Depreciation charge	<u>(5,868,203)</u>	<u>(3,479,477)</u>	<u>-</u>	<u>-</u>	<u>(9,347,680)</u>
Closing net book amount	<u>11,885,238</u>	<u>5,880,874</u>	<u>3</u>	<u>-</u>	<u>17,766,115</u>
At 31 December 2021					
Cost	4,250,200,490	1,466,075,861	381,695,454	11,725,000	6,109,696,806
<u>Less</u> Accumulated depreciation	<u>(4,238,315,252)</u>	<u>(1,460,194,987)</u>	<u>(381,695,451)</u>	<u>(11,725,000)</u>	<u>(6,091,930,690)</u>
Net book amount	<u>11,885,238</u>	<u>5,880,874</u>	<u>3</u>	<u>-</u>	<u>17,766,115</u>

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7 Deposit from Customers

	2021 LAK	2020 LAK
Current accounts	160,377,065	212,997,962
Saving accounts	628,301,524	1,337,908,144
Fixed deposits	-	163,200,361
Total	788,678,589	1,714,106,467

The deposits from customers are analysed as follows:

	2021 LAK	2020 LAK
a) By currencies:		
LAK	6,417,419	242,853,608
USD	761,211,927	1,288,119,295
THB	21,049,243	183,133,564
	788,678,589	1,714,106,467
b) By relationship:		
Customers	788,678,589	1,714,106,467
	788,678,589	1,714,106,467
c) By type of customers:		
Domestic corporations	773,120,412	852,683,752
Individuals	15,558,177	861,422,715
	788,678,589	1,714,106,467
	%	%
d) By interest rate (per annum):		
Saving accounts	0.50 - 1.89	0.50 - 1.89
Fixed deposits	1.75 - 5.59	1.75 - 5.59

8 Deposit and placement of banks

	2021 LAK	2020 LAK
CIMB Thai Bank Public Company Limited (Note 17)	33,123,544,674	30,764,444,674
Total	33,123,544,674	30,764,444,674

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9 Borrowing

	2021 LAK	2020 LAK
Borrowing from Head Office (Note 17)	64,158,500,000	53,348,500,000
Total	64,158,500,000	53,348,500,000

Borrowing from Head Office USD 5.75 million or equivalent to LAK 64,158 million (2020: USD 5.57 million or equivalent to LAK 53,349 million) with no interest rate (2020: no interest rate).

10 Employee benefit obligations

	2021 LAK	2020 LAK
Statement of financial position obligations for:		
- Defined benefit plan	346,460,000	367,144,371
Statement of comprehensive income charge for:		
- Defined benefit plan (Charge to profit or loss)	(20,684,371)	95,502,960
- Remeasurement of retirement benefit obligations		
(Charge to other comprehensive income of Head Office Account)	-	5,423,592

Liability in the statement of financial position

For the years ended 31 December 2021 and 2020, the movement of the defined benefit obligation is as follows:

	2021 LAK	2020 LAK
At 1 January	367,144,371	429,099,118
Current service cost	-	89,066,473
Interest cost	-	6,436,487
Reversal of service cost	(20,684,371)	-
Remeasurements:		
Gain from change in financial assumptions	-	(24,320,756)
Experience loss	-	29,744,348
Benefit Paid	-	(162,881,299)
At 31 December	346,460,000	367,144,371

Since the branch obtained dissolution approval from the BoL on 26 August 2021 but the formal closing date is not finalised, the Branch estimated the employee compensation equal to the rate per labor law time total working month as at 31 December 2021.

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11 Other liabilities

	2021 LAK	2020 LAK
Provision for dissolution	3,120,353,937	3,290,522,978
Others	487,799,385	465,024,203
Total	3,608,153,322	3,755,547,181

12 Branch capital

	2021 LAK	2020 LAK
At 1 January	100,111,940,337	100,111,940,337
At 31 December	100,111,940,337	100,111,940,337

The Branch has initial capital amount of LAK 100,111,940,337 in accordance with Agreement on Increasing in Minimum Registered Capital and Investment Capital of Commercial Bank No.141/Nor Yor dated on 24 September 2009 of BoL, the Branch of foreign bank in the Lao PDR should maintain the minimum registered capital of LAK 100 billion.

13 Interest income

	2021 LAK	2020 LAK
Loan to customers	-	147,875,000
Investment in debt instruments	-	386,301,370
Total	-	534,176,370

14 Interest expenses

	2021 LAK	2020 LAK
Saving accounts	8,845,556	10,438,462
Fixed deposits	1,514,560	5,566,703
Total	10,360,116	16,005,165

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15 Administrative and other operating expenses

	2021 LAK	2020 LAK
Staff costs	82,902,728	999,875,582
Premise expenses	117,763,630	1,858,650,086
Depreciation expenses (Note 6)	9,347,680	20,253,985
(Reversal) expected credit loss	-	(1,631,730)
Dissolution expenses	2,886,712,244	3,363,139,305
Others	110,877,009	442,535,299
Total	3,207,603,291	6,682,822,527

16 Income taxes

Reconciliation of effective tax rate are following:

	2021 LAK	2020 LAK
Loss before tax	(3,638,589,400)	(6,125,996,395)
Income tax at the domestic tax rate	(873,261,456)	(1,470,239,135)
Expenses not deductible for tax purposes	1,185,140.32	693,659
Unrecognised deferred tax asset	2,898,786,058	626,088,727
Tax losses for which no deferred income tax asset was recognised	2,026,709,742	843,456,749
Income tax expense	-	-
Effective income tax rate	0.00%	0.00%

For the year ended 31 December 2021, in accordance with Lao Income Tax law, the Branch has an obligation to pay a corporate income tax at the rate of nill (2020: nill) of taxable income.

As at 31 December 2021 and 2020, the Branch has temporary tax difference that the Branch did not recognise as deferred tax assets in the statement of financial position as follows:

	2021 LAK	2020 LAK
Unrealised loss on revaluation of foreign exchange	2,903,750,307	603,559,632
Employee benefit obligation	83,150,400	88,114,649
Tax loss carry forward	21,395,998,627	19,369,288,885
Total	24,382,899,334	20,060,963,166

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17 Related party balances and transactions

The significant related party transactions are transacted with the CIMB Thai Bank Public Company Limited which is its head office incorporated in Thailand.

For the years ended 31 December 2021 and 2020, the Branch has significant business transactions with head office as follows:

	2021	2020
	LAK	LAK
Cash and cash equivalents	14,322,951,300	9,980,505,007
Deposit and placement from head office (Note 8)	(33,123,544,674)	(30,764,444,674)
Borrowing (Note 9)	(64,158,500,000)	(53,348,500,000)

There are no key management personnel expense during the year.

18 Financial risk management

The risk management function within the Branch is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises credit risk, market risk (including foreign exchange risk and interest rate risk) and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimise operational and legal risks.

18.1 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Branch's customers, clients or market counterparties failed to fulfil their contractual obligations to the Branch.

Credit risk is the single largest risk for the Branch's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control are contralised in a credit risk management team at Head Office.

18.1.1 Credit risk measurement

The estimation of credit exposure is complex and requires the use of models, as the exposure varies with changes in market condition, expected cash flows and the passage of time. The assessment of credit risk of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Branch measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measureing Expected Credit Loss (ECL) under IFRS 9.

Probability of Default represents the likelihood of a borrower defaulting on its financial obligation.

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18 Financial risk management (Cont'd)

18.1 Credit risk (Cont'd)

18.1.1 Credit risk measurement (Cont'd)

Exposure at Default is based on the amounts the Branch expects to be owed at the time of default.

Loss Given Default represents the Branch's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD)

The Branch has developed models to support the quantification of the credit risk. These rating and scoring models are in use for all key credit portfolios and form the basis for measuring default risks. In performing this, there must be sufficient information for the Branch to be statistically credible. Where sufficient information is not available internally, the Branch has considered benchmarking internal/external supplementary data to use for modelling purposes.

18.1.2 Maximum exposure to credit risk - Financial instruments subject to impairment

The maximum credit risk exposure is the carrying value of the financial assets as stated in the statements of financial position.

18.2 Market risk

Market risk is the risk that the Branch may suffer loss as a result of changes in the value of positions taken due to movements in foreign exchange rates and interest rates.

(a) Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and fluctuations in revenues and the value of financial assets and liabilities.

The Branch maintains a policy of not exposing itself to large foreign exchange positions. Any foreign currency exchange open positions are monitored against the operating requirements, predetermined position limits and cut-loss limits.

(b) Interest rate risk

Interest rate risk is the risk that changes in market interest rates which may lead to changes in the value of financial instruments, and fluctuations in revenue and the values of financial assets and liabilities.

Interest rate risk is managed through close monitoring of returns on investment, market pricing, and cost of funds and through interest rate sensitivity gap analysis. The potential reduction in net interest income from an unfavorable interest rate movement is monitored against the risk tolerance

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18 Financial risk management (Cont'd)

18.2 Market risk (Cont'd)

18.2.1 Foreign exchange risk

The table below summarises the Branch's exposure to foreign currency exchange rate risk at 31 December 2021 and 2020. Included in the table are the Branch's financial instruments at carrying amounts, categorised by currency.

Unit: LAK			
2021			
	LAK	USD	THB
Total			
Financial assets			
Cash and cash equivalents	48,336,139,032	72,201,308,692	10,541,025,481
Statutory deposits	12,356,519	44,207,996	1,749,969
	<u>48,348,495,551</u>	<u>72,245,516,688</u>	<u>10,542,775,450</u>
			<u>131,136,787,689</u>
Financial liabilities			
Deposit from Customers	6,417,419	761,211,927	21,049,243
Deposits and placements of banks	11,571,744,674	11,158,000,000	10,393,800,000
Borrowing	-	64,158,500,000	-
	<u>11,578,162,093</u>	<u>76,077,711,927</u>	<u>10,414,849,243</u>
			<u>98,070,723,263</u>
Unit: LAK			
2020			
	LAK	USD	THB
Total			
Financial assets			
Cash and cash equivalents	49,465,317,366	62,715,577,707	10,362,095,047
Statutory deposits	21,518,471	110,751,486	15,175,440
	<u>49,486,835,837</u>	<u>62,826,329,193</u>	<u>10,377,270,487</u>
			<u>122,690,435,517</u>
Financial liabilities			
Deposit from Customers	242,853,608	1,288,119,295	183,133,564
Deposits and placements of banks	11,571,744,674	9,278,000,000	9,914,700,000
Borrowing	-	53,348,500,000	-
	<u>11,814,598,282</u>	<u>63,914,619,295</u>	<u>10,097,833,564</u>
			<u>85,827,051,141</u>

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18 Financial risk management (Cont'd)

18.2 Market risk (Cont'd)

18.2.2 Interest rate risk (Cont'd)

The Branch takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes, but may reduce or create losses in the event that unexpected movements arise. Management monitors on a daily basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken.

The table below summarises the Branch's exposure to interest rate risks as at 31 December 2021 and 2020. The table presents the aggregated amounts of the Branch's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates:

								Unit: LAK	
2021									
	Fixed interest rate - repricing or maturity date				Non-interest bearing	Floating Interest rate	Total	Interest rate (%)	
	At call	Within 3 months	3 - 12 months	More than 12 months				Float rate %	Fixed rate %
Financial assets									
Cash and cash equivalents	-	-	-	-	131,078,473,205	-	131,078,473,205	-	-
Statutory deposits	-	-	-	-	58,314,484	-	58,314,484	-	-
	-	-	-	-	131,136,787,690	-	131,136,787,690		
Financial liabilities									
Deposit from Customers	-	-	-	-	160,377,065	628,301,524	788,678,589	0.50-1.89	1.75-5.59
Deposit and placement of banks	-	-	-	-	33,123,544,674	-	33,123,544,674	-	-
Borrowing	-	-	-	-	64,158,500,000	-	64,158,500,000	-	-
	-	-	-	-	97,442,421,739	628,301,524	98,070,723,263		

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18 Financial risk management (Cont'd)

18.2 Market risk (Cont'd)

18.2.2 Interest rate risk (Cont'd)

The table below summarises the Branch's exposure to interest rate risks as at 31 December 2021 and 2020. The table presents the aggregated amounts of the Branch's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates: (Cont'd)

	2020							Unit: LAK	
	Fixed interest rate - repricing or maturity date							Interest rate (%)	
	At call	Within 3 months	3 - 12 months	More than 12 months	Non-interest bearing	Floating Interest rate	Total	Float rate %	Fixed rate %
Financial assets									
Cash and cash equivalents	-	-	-	-	122,542,990,120	-	122,542,990,120	-	-
Statutory deposits	-	-	-	-	147,445,397	-	147,445,397	-	-
	-	-	-	-	122,690,435,517	-	122,690,435,517		
Financial liabilities									
Deposit from Customers	-	-	163,200,361	-	212,997,962	1,337,908,144	1,714,106,467	0.50 - 1.89	1.75 - 5.59
Deposit and placement of banks	-	-	-	-	30,764,444,674	-	30,764,444,674	-	-
Borrowing	-	-	-	-	53,348,500,000	-	53,348,500,000	-	-
	-	-	163,200,361	-	84,325,942,637	1,337,908,144	85,827,051,141		

Interest rate risk is the current and prospective impact to the financial condition due to adverse changes in interest rates to which the Branch statements of financial position is exposed. Maturity transformation activities of the Branch result in mismatched assets and liabilities positions which direct that the propensity, timing and quantum of interest movements have undesired outcomes over both the short term and long term.

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18 Financial risk management (Cont'd)

18.3 Liquidity risk

Liquidity risk is the risk that the Branch will be unable to pay its debts and obligations when due because of an inability to convert assets into cash, or because of its failure to procure enough funds.

Management of the Branch closely monitors all inflows and outflows and maturity gaps through periodical reporting. Movement in customers' deposits is monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as and when they fall due.

The Branch is responsible for liquidity management, including procurement of both short and long-term sources of funds, and debt security investment management.

18.3.1 Non-derivative financial liabilities and assets held for managing liquidity risk

The table below presents financial assets and liabilities categorised by remaining contractual maturities at the date of the statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flow, whereas the Branch manages the liquidity risk based on a different basis, not resulting in a significantly different analysis.

At 31 December 2021 and 2020, the maturity analysis of financial statements is as follows:

						Unit: LAK
						2021
		Within 3 At call months	3 - 12 months	1 - 5 years	More than 5 years	Total
Financial assets						
Cash and cash equivalents	131,078,473,205	-	-	-	-	131,078,473,205
Statutory deposits	58,314,484	-	-	-	-	58,314,484
	<u>131,136,787,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,136,787,689</u>
Financial liabilities						
Deposit from customers	788,678,589	-	-	-	-	788,678,589
Deposit and placement of banks	33,123,544,674	-	-	-	-	33,123,544,674
Borrowing	64,158,500,000	-	-	-	-	64,158,500,000
	<u>98,070,723,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,070,723,263</u>

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18 Financial risk management (Cont'd)

18.3 Liquidity risk (Cont'd)

18.3.1 Non-derivative financial liabilities and assets held for managing liquidity risk (Cont'd)

						Unit: LAK
						2020
		Within 3 At call months	3 - 12 months	1 - 5 years	More than 5 years	Total
Financial assets						
Cash and cash equivalents	122,542,990,120	-	-	-	-	122,542,990,120
Statutory deposits	147,445,397	-	-	-	-	147,445,397
	<u>122,690,435,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,690,435,517</u>
Financial liabilities						
Deposit from customers	1,550,906,106	-	163,200,361	-	-	1,714,106,467
Deposit and placement of banks	30,764,444,674	-	-	-	-	30,764,444,674
Borrowing	53,348,500,000	-	-	-	-	53,348,500,000
	<u>85,663,850,780</u>	<u>-</u>	<u>163,200,361</u>	<u>-</u>	<u>-</u>	<u>85,827,051,141</u>

18.4 Capital management

The Branch objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, is:

- To comply with the capital requirements set by the regulators of the banking markets where the entities within the Branch operate;

19 Fair value of financial assets and liabilities

A fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Methodology of fair value measurement depends upon characteristics of the financial instruments. For the financial instruments which are regarded as trade in an active market, fair value has been determined by the latest quoted market price. If however the appropriate quoted market price cannot be determined, the fair value is determined using an appropriate valuation technique.

The Branch has no financial asset that is measured at fair value as of 31 December 2021 and 2020.

The explanation below analyses the fair value of financial instruments by valuation method. The different levels have been defined as follows:

Level 1: The fair value of financial instruments traded in active market (such as publicly traded derivative, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Branch is the current bid price. These instruments are included in level 1.

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19 Fair value of financial assets and liabilities (Cont'd)

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The fair value of all Branch's financial assets and liabilities that are not measured at fair value is approximating the carrying amount.

The fair value are based on the following methodologies and assumptions:

Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition include cash on hand. Cash and cash equivalents has the estimated fair values approximate the carrying values.

Statutory deposit

The carrying amounts in the statement of financial position approximate the fair value of the items as there is no interest earning.

Deposit from customer accounts and deposit and placement of banks

Customer accounts and deposit from other bank comprise of current, saving and fixed deposit from customers and financial institution. Current, saving, and within one year fixed deposits has the estimated fair values approximate the carrying values.

For more than one year fixed deposit from customers, the fair value is estimated using discounted cash flow, applying current rate offered for fixed deposits of similar remaining maturities.

Borrowing

For floating rate borrowing, the carrying value is generally a reasonable estimate of fair value