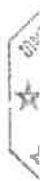


**BANK OF CHINA (HONG KONG) LTD., VIENTIANE BRANCH**

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<b>Contents</b>	<b>Page(s)</b>
Statement by the Management	1
Independent auditors' report	2 - 3
Income statement	4
Statement of financial position	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8-25



**BANK OF CHINA (HONG KONG) LTD., VIENTIANE BRANCH**

**STATEMENT BY THE MANAGEMENT  
31 DECEMBER 2021**

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

The Management of Bank of China (Hong Kong) Ltd. Vientiane Branch (the Branch) is responsible for ensuring that the financial statements, are prepared, in all material respects, the financial position of the Branch as at 31 December 2021 and of its financial performance, statement of changes in equity and its cash flows for the year then ended in accordance with accounting policies of the Branch and the relevant accounting regulations and notifications of Bank of the Lao People's Democratic Republic (BOL) described in Note 2 to the financial statements. In preparing these financial statements, the Management is required to:

- i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- ii) comply in accordance with accounting policies of the Branch and the relevant accounting regulations and notifications of BOL described in Note 2 to the financial statements and 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 a going concern basis unless it is inappropriate to assume that the Branch will continue operations for the foreseeable future; and
- v) effectively control and direct the Branch and be involved in all material decisions affecting the operations and performance of the Branch, and ascertain that such decisions have been properly reflected in the financial statements.

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 accounting policies of the Branch and the relevant accounting regulations and notifications of BOL described in Note 2 to the financial statements.

For and on behalf of Management:



Mr. Li Zhiyong  
General Manager

Vientiane Capital, Lao PDR

31 March 2022



## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDER OF BANK OF CHINA (HONG KONG) LTD. VIENTIANE BRANCH

#### Opinion

In our opinion, the financial statements of Bank of China (Hong Kong) Ltd., Vientiane Branch (the Branch) for the year ended 31 December 2021 are prepared, in all material respects, in accordance with the relevant accounting regulations and notifications of Bank of the Lao People's Democratic Republic and accounting policies as described in Note 2 to the financial statements.

#### What we have audited

The Branch's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the income statement for the year then ended;
- the statement of changes in equity 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 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.

#### Other Matter

The financial statements of the Branch for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 31 March 2021.

#### Emphasis of Matter - Basis of accounting and restriction on distribution and use

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with accounting policies described in Note 2 to the financial statements. As a result, the financial statements may not be suitable for another purpose.

Our report is intended solely for the Branch and should not be distributed to or used by parties other than the Branch. Our opinion is not modified in respect of this matter.



### Responsibilities of the Management for the financial statements

The management is responsible for the preparation of the financial statements in accordance with the relevant accounting regulations and notifications of Bank of Lao People's Democratic Republic and accounting policies described in Note 2 to the financial statements, and for such internal control as the directors determine 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 management is responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 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 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.

For PricewaterhouseCoopers (Lao) Sole Company Limited



By Apisit Thientrongpinyo  
Partner

Vientiane Capital, Lao P.D.R.  
31 March 2022

**BANK OF CHINA (HONG KONG) LTD., VIENTIANE BRANCH**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note(s)	2021 LAKm	Restated 2020 LAKm
Interest and similar income		231,992	212,568
Interest and similar expense		(44,078)	(36,588)
<b>NET INTEREST INCOME</b>	4	<b>187,914</b>	<b>175,980</b>
Fee and commission income		21,161	12,759
Fee and commission expense		(1,178)	(1,304)
<b>NET FEES AND COMMISSION INCOME</b>	5	<b>19,983</b>	<b>11,455</b>
Net gain from dealing in foreign currencies	6	116,835	34,532
<b>NET OPERATING INCOME</b>		<b>324,732</b>	<b>221,967</b>
Other operating income		40	2
Payroll and other staff costs	7	(31,164)	(24,076)
Other administration expenses	8	(15,563)	(7,166)
Depreciation and amortisation charges	17	(3,617)	(4,646)
Other operating expenses	9	(5,983)	(4,204)
<b>TOTAL EXPENSES</b>		<b>(56,287)</b>	<b>(40,090)</b>
Allowance for credit losses on loans	15	(43,803)	(18,146)
<b>PROFIT BEFORE TAX</b>		<b>224,642</b>	<b>163,731</b>
Income tax expense	10	(45,993)	(30,859)
<b>NET PROFIT FOR THE YEAR</b>		<b>178,649</b>	<b>132,872</b>

Prepared by:

李智伟

Mr. Li Zhiwei  
Financial Management and Operation  
Service Unit Manager

Reviewed by:



Mr. Li Zhiyong  
General Manager

Vientiane Capital, Lao PDR

The accompanying notes on pages 8 to 25 form an integral part of these financial statements.  
Independent auditor's report – pages 2 to 3.

**BANK OF CHINA (HONG KONG) LTD., VIENTIANE BRANCH**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

	Note	31 December 2021 LAKm	Restated 31 December 2020 LAKm	Restated 1 January 2020 LAKm
<b>ASSETS</b>				
Cash and balances with central bank	11	2,922,807	3,179,809	1,500,647
Due from banks	12	163,012	896,898	1,086,929
Investment in securities	14	552,050	463,700	886,100
Loans to customers, net of allowance for credit losses	15	1,407,493	1,149,229	702,980
Loans to parent company	16	3,342,760	377,740	177,800
Property and equipment and rights-of-use assets	17	10,257	13,966	15,816
Other assets	18	61,328	36,261	21,263
<b>TOTAL ASSETS</b>		<b>8,459,707</b>	<b>6,117,603</b>	<b>4,391,535</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Due to banks	19	1,076,382	421,194	510,049
Due to customers	20	6,323,136	4,856,113	3,194,550
Other liabilities	21	118,426	77,182	56,694
<b>TOTAL LIABILITIES</b>		<b>7,517,944</b>	<b>5,354,489</b>	<b>3,761,293</b>
<b>EQUITY</b>				
Paid-up capital		405,100	405,100	405,100
Statutory reserve		54,037	36,173	22,886
Retained earnings		482,626	321,841	202,256
<b>TOTAL EQUITY</b>		<b>941,763</b>	<b>763,114</b>	<b>630,242</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,459,707</b>	<b>6,117,603</b>	<b>4,391,535</b>

Prepared by:

李志伟

Mr. Li Zhiwei  
Financial Management and Operation  
Service Unit Manager

Reviewed by:



Mr. Li Zhiyong  
General Manager

Vientiane Capital, Lao PDR

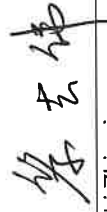
The accompanying notes on pages 8 to 25 form an integral part of these financial statements.  
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**BANK OF CHINA (HONG KONG) LTD., VIENTIANE BRANCH**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 2021**

	Paid-up capital LAKm	Statutory reserve LAKm	General provision LAKm	Retained earnings LAKm	Total LAKm
<b>At 1 January 2020 as previously reported</b>	405,100	22,886	4,433	205,976	638,395
Restatements (Note 3)	-	-	(4,433)	(3,720)	(8,153)
<b>At 1 January 2020 as newly reported</b>	<b>405,100</b>	<b>22,886</b>	-	<b>202,256</b>	<b>630,242</b>
Net profit for the year	-	-	-	132,872	132,872
Appropriate to reserve for the year 2020	-	13,287	-	(13,287)	-
<b>As at 31 December 2020</b>	<b>405,100</b>	<b>36,173</b>	-	<b>321,841</b>	<b>763,114</b>
<b>At 1 January 2021</b>	<b>405,100</b>	<b>36,173</b>	-	<b>321,841</b>	<b>763,114</b>
Net profit for the year	-	-	-	178,649	178,649
Appropriate to reserve for the year 2021	-	17,864	-	(17,864)	-
<b>As at 31 December 2021</b>	<b>405,100</b>	<b>54,037</b>	-	<b>482,626</b>	<b>941,763</b>

Prepared by:



Mr. Li Zhiwei  
Financial Management and Operation  
Service Unit Manager

Vientiane Capital, Lao PDR

Reviewed by:



Mr. Li Zhiyong  
General Manager

The accompanying notes on pages 8 to 25 form an integral part of these financial statements.  
Independent auditor's report – pages 2 to 3.

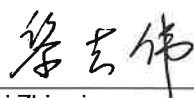


**BANK OF CHINA (HONG KONG) LTD., VIENTIANE BRANCH**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 LAKm	Restated 2020 LAKm
<b>OPERATING ACTIVITIES</b>			
Net profit before tax		224,642	163,731
<i>Adjustments for:</i>			
Depreciation and amortisation charges	17	3,617	4,646
Allowance for credit losses on loans	15	43,803	18,146
Foreign exchange gains arising from revaluation of monetary accounts denominated in foreign currencies		(105,332)	(33,877)
Interest income	4	(231,992)	(212,568)
Interest expense	4	44,078	36,588
<i>Working capital adjustments:</i>			
(Increase)/decrease in operating assets			
Due from banks and BOL		323,571	(822,469)
Loans to customers		(303,315)	(644,811)
Loans to parent company		(2,965,020)	-
Other assets		(13,329)	25,876
Increase/(decrease) in operating liabilities			
Due to banks		655,188	(82,746)
Due to customers		1,467,023	1,661,563
Other liabilities		16,501	11,638
Interest received		220,435	201,550
Interest paid		(29,661)	(37,893)
Profit tax paid during the year	10	(36,477)	(26,913)
<b>Net cash flows generated from operating activities</b>		<b>(686,268)</b>	<b>262,461</b>
<b>INVESTING ACTIVITIES</b>			
Payments to acquire property and equipment	17	(800)	(2,796)
Proceeds from maturity of securities investments		-	422,400
<b>Net cash flows (used in)/generated from investing activities</b>		<b>(800)</b>	<b>419,604</b>
<b>FINANCING ACTIVITIES</b>			
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>-</b>
Net change in cash and cash equivalents		(687,068)	682,065
Cash and cash equivalents at the beginning of the year		1,312,156	645,494
Effects of foreign exchange difference		19,750	(15,404)
<b>Cash and cash equivalents at the end of the year</b>	13	<b>644,838</b>	<b>1,312,155</b>

Prepared by:



Mr. Li Zhiwei  
Financial Management and  
Operation Service Unit Manager

Vientiane Capital, Lao PDR

Reviewed by:



Mr. Li Zhiyong  
General Manager

The accompanying notes on pages 8 to 25 form an integral part of these financial statements.  
Independent auditor's report – pages 2 to 3.



# **BANK OF CHINA (HONG KONG) LTD., VIENTIANE BRANCH**

## **NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1. GENERAL INFORMATION**

Bank of China (Hong Kong) Ltd., Vientiane Branch (the "Branch"), a branch of Bank of China (Hong Kong) Ltd., was established in Lao PDR and operates under Banking License No. 01/BOL granted by Bank of the Lao PDR ("the BOL") on 13 January 2020.

The principal activities of the Branch are to mobilise capital and provide loans for improving and strengthening the Lao economy.

The initial registered capital of the Branch is LAK 405,100,000,000. The actual paid-up capital as at 31 December 2021 is LAK 405,100,000,000 (2020: LAK 405,100,000,000).

The Branch is located at Building Vientiane Center, Khouvieng Road, Ban Nongchanh, Sisattanak District, Vientiane Capital, Lao PDR.

Total employees of the Branch as at 31 December 2021 were 62 people (31 December 2020: 57 people)

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **2.1 Basis of preparation**

The financial statements are prepared in accordance with the relevant accounting regulations and notifications of BOL and accounting policies of the Branch. The accounting principles applied may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The accompanying financial statements are not intended to present the financial position and financial performance in accordance with other jurisdictions. Consequently, these financial statements are addressed only to those who are informed about the Branch's accounting policies and the relevant accounting regulations and notifications of BOL.

The preparation of financial statements requires management to make estimates and assumptions affecting the amounts reported as assets and liabilities, the disclosure of any contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The financial statements have been prepared under the historical cost convention.

#### **2.2 Measurement and presentation currency**

The Branch maintains its records in Lao Kip (LAK) and presents financial statements in millions of LAK (LAKm).

#### **2.3 Foreign currency transactions and translation**

The Branch maintains its accounting system and records all transactions in original currencies. Income and expenses arising in foreign currencies during the year are converted into LAK at rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at year end are translated into LAK at exchange rates ruling on the statement of financial report date. Foreign exchange differences arising from the transaction of monetary assets and liabilities on the balance sheet date are recognised into the income statement.

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

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

As per BOL guideline no. 334/AD, dated 11 March 2019, where an account becomes non-performing, the recording of interest is suspended and interest income already recognised will be reversed. Interest income will be recognised if accrued interest on non-performing loans will be subsequently collected. Customer accounts are deemed to be non-performing where repayments are in arrears for more than three months or 89 days.

**NOTES TO THE FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.5 Recognition of fee and commission income**

Fee and commission consist 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 recognised into income statement on cash basis.

**2.6 Cash and cash equivalents**

Cash and cash equivalents consist of cash and 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.

**2.7 Loans to customers**

Loans and advances are originated by the Branch providing money to a customer for purposes other than short-term profit taking. They are stated at the outstanding principal balances less an impairment allowance for doubtful loans and advances. Loans and advances are shown inclusive of accrued interest receivable.

**2.8 Provisions for credit losses**

The Branch sent out a letter to the BOL with reference BOC/2020/161 dated 25 February 2020 requesting for permission to apply the provision for its loans to customers in accordance with is the IFRS 9 as stated in its credit manual.

The Branch has received a response letter from the BOL. In accordance with the Notification Letter no.152/ ກອບ (“BOL”) dated 01 April 2020 from the Commercial Bank Supervision Department of Bank of Lao P.D.R, the Branch is allowed to apply loan provision in accordance to IFRS 9 for its loans to customers.

*Expected credit loss model ('ECL')*

The Branch assesses on a forward-looking basis the expected credit loss ('ECL') associated with its debt instruments carried at amortised cost. 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.

*Measurement*

The ECL is a weighted average of credit losses on financial instruments weighted at the risk of default. Credit loss is the difference between all contractual cash flows that are due to the Branch in accordance with the contract and all cash flows expected to be received by the Branch discounted at the original effective interest rate, i.e. the present value of all cash shortfalls.

According to the changes of credit risk of financial instruments since the initial recognition, the Branch calculates the ECL by three stages:

- Stage 1: The financial instruments without significant increases in credit risk since initial recognition are included in Stage 1 to calculate their impairment allowance at an amount equivalent to the ECL of the financial instruments for the next 12 months;
- Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition but have no objective evidence of impairment are included in Stage 2, with their impairment allowance measured at an amount equivalent to the ECL over the lifetime of the financial instruments;
- Stage 3: Financial assets with objective evidence of impairment at the financial reporting date are included in Stage 3, with their impairment allowance measured at an amount equivalent to the ECL over the lifetime of the financial instruments.

NOTES TO THE FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.8 Provisions for credit losses

*Measurement*

Where, in the previous accounting period, the impairment allowance of a financial instrument was measured based on the ECL of the instrument over the entire lifetime, and while, at the current financial reporting date, such financial instrument is no longer regarded as experiencing a significant increase in credit risk since its initial recognition, the Branch measures the impairment allowance of the financial instrument on the financial reporting date using the ECL of the instrument over the next 12 months.

When measuring ECL, an entity need not necessarily identify every possible scenario. However, the Branch considers the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low.

The Branch conducted an assessment of ECL according to forward-looking information and used a number of models and assumptions in its measurement of expected credit losses. These models and assumptions relate to the future macroeconomic conditions and borrower's creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). The Branch uses judgements, assumptions and estimation techniques in order to measure ECL according to the requirements of accounting standards such as:

- Criteria for determining significant increases in credit risk
- Definition of default and credit-impaired financial assets
- Parameters for measuring ECL
- Forward-looking information
- Modification of contractual cash flows
- Grouping of financial instruments for losses measured on a collective basis

*Criteria for determining significant increases in credit risk*

The Branch assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each financial reporting date. While determining whether the credit risk has significantly increased since initial recognition or not, the Branch takes into account the reasonable and supportable information that is available without undue cost or effort, including qualitative and quantitative analysis based on the historical data of the Branch, external credit risk rating, and forward-looking information. Based on an individual financial instrument or a group of financial instruments shared credit risk characteristics, the Branch compares the risk of default of financial instruments at the financial reporting date with that at the date of initial recognition in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Branch considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

*Quantitative criteria*

- At the reporting date, the increase in remaining lifetime probability of default is considered significant, comparing with the one at initial recognition

*Qualitative criteria*

- Significant adverse change in debtor's operation or financial status
- Be classified into Special Mention category within five-category loan classification
- Be listed on the watch-list

*Backstop criteria*

- The debtor's contractual payments (including principal and interest) are more than 30 days past due

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.8 Provisions for credit losses**

*Definition of default and credit-impaired financial asset*

The Branch considers a financial instrument as default when it is credit-impaired. The standard adopted by the Branch to determine whether a financial asset is credit-impaired is consistent with the internal credit risk management objectives, taking into account quantitative and qualitative criteria. When the Branch assesses whether the credit impairment occurred, the following factors are mainly considered:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Branch granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
- It becoming probable that the borrower will enter into bankruptcy or other financial re-organisation;
- The disappearance of an active market for that financial asset because of financial difficulties;
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;
- The debtor is more than 90 days overdue for any of the principal, advances, interest or investments in corporate bonds of the Branch.

A financial asset becoming credit-impaired may be caused by the combined effect of several events, but not a single discrete event. For credit-impaired financial assets, the Branch mainly evaluate the future cash flow (including the recoverable value of the collateral held) in different circumstances on an individual basis. Expected credit losses are measured as the differences between the present value of estimated cash flows discounted at the original effective interest rate and the asset's gross carrying amount. Any adjustment is recognised in profit or loss as an impairment gain or loss.

*Parameters of ECL measurement*

According to whether the credit risk has significantly increased and whether the asset is credit-impaired, the Branch measures the impairment allowance for different assets with ECL of 12 months or the entire lifetime respectively. The key parameters in ECL measurement include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Branch takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, manners of guarantees and types of collaterals, repayments, etc.) and forward-looking information in order to establish the models for estimating PD, LGD and EAD.

*Relative definitions are listed as follows:*

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment over the next 12 months or throughout the entire remaining lifetime;
- LGD refers to the Branch's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the method and priority of the recourse, and the type of collaterals, the LGD varies;
- EAD is the amount that the Branch should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.8 Provisions for credit losses**

*Forward-looking information*

The assessment of a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Based on the analysis of historical data, the Branch identifies the key macroeconomic indicators that affect the credit risk and ECL of various business types, such as GDP, Investment in fixed assets, PPI, Home price index, CPI.

The impact of these economic indicators on the PD and the LGD varies according to different types of business. The Branch applied experts' judgement in this analysis, according to the result of experts' judgement, the Branch predicts these economic indicators on a quarterly basis and determines the impact of these economic indicators on the PD and the LGD by conducting regression analysis.

In addition to a base economic scenario, the Branch conducts statistical analysis with experts' judgement to determine other possible scenarios and their weights. The Branch measures the weighted average ECL of 12 months (Stage 1) or life time (Stage 2 and Stage 3).

The Branch conducts sensitivity analysis on the main economic indicators used in forward-looking information. When the predicted value of the main economic indicators changes by 10%, the difference between the hypothetical expected credit loss and the current expected credit loss measurement does not exceed 5%.

*Grouping of financial instruments for losses measured on a collective basis*

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. In performing this grouping, there must be sufficient information for the group to be statistically credible. The Branch uses credit rating, product types and client types, etc., for grouping the personal loans and advances to calculate the losses measured on a collective basis.

**2.9 Held-to-maturity securities**

Held-to-maturity investment securities are debt securities with fixed or determinable payments and maturities, which the Branch has intention and ability to hold to maturity to earn interest. When a significant part of the securities is sold before maturity date, the remaining balance will be reclassified as trading securities or available-for-sale securities.

Held-to-maturity securities are initially recognised at cost and subsequently presented at cost. Premiums and discounts arising from securities purchases are amortised in the income statement using the straight-line method over the year from the acquisition dates to the maturity dates.

Periodically, the held-to-maturity securities are subject to review for impairment. Provision for impairment of these securities is made when there has been a significant or prolonged decline in the fair value below their cost. Provision for impairment is recognised as "Net gain/(loss) from securities investment" in the income statement.

**2.10 Property and equipment**

Property and equipment consist of building improvements, furniture and fixtures, computer equipment and motor vehicles.

Property and equipment are stated at cost less accumulated depreciation and impairment losses, 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of income during the reporting period in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.10 Property and equipment**

Depreciation of property and equipment is provided for on a straight-line basis to write down the cost of each asset to its residual value over the 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 depreciation rates used:

<b>Category</b>	<b>Depreciation rate</b>
Building improvements	5%
Furniture and fixtures	20%
Computer equipment	20%
Motor vehicles	20%

Leasehold improvements are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. There are no material adjustments arising from the review that would require disclosure in the financial statements.

When assets are sold or disposed, their cost and accumulated depreciation are removed from the balance sheet and any gains or losses resulting from their disposal are posted to the income statement.

**2.11 Statutory Reserves**

Under the requirement 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 Bank 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 Bank may suspend such provision, unless otherwise provided by the laws.

The Business expansion fund and other funds shall be created upon decision of the Management.

**2.12 Leases for lessee**

Leases are recognised as a right of use asset and a corresponding liability at the date which the leased asset is available for use by the Branch. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments).

Lease payments to be made under reasonably certain extension options are also included in the measurement of liability.

The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be really determined, which is generally the case for leases in the Branch, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

Right of use assets are measured at cost comprising the amount of the initial measurement of lease liability. Right of use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

**NOTES TO THE FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.13 Profit tax**

The Branch is obliged to pay profit tax at the rate of 20% (2020:20%) of total profit before tax for the year ended 31 December 2021 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. Profit taxes shall be paid every 20<sup>th</sup> of July of the year and every 20<sup>th</sup> January of the following year.

**2.14 Employee benefits**

*Short term employee benefits*

Wages, salaries paid, annual leave and sick leave and other leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Branch.

*Post-employment benefits*

Post-employment benefits are paid to retired employees of the Branch by the National 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 but the amount shall not exceed LAK 270,000 per staff per month. The Branch has no further significant 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 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 last salary or wage multiplied by the total number of months worked. As at 31 December 2021, 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.

**2.15 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.



**NOTES TO THE FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021**
**3. RESTATEMENTS***(a) Change in Accounting Policy**Provision of loans and advances to customers in accordance with ECL model*

As stated in Note 2.8, the Branch has received a response letter from the BOL allowing the Branch to apply provision for loans and advances to customers in accordance with the ECL model under IFRS 9. Management has already used the ECL provision for loans and advances to customers in its monthly loan report submitted to the the BOL but not yet in the financial statements. To align the provision with the notification received and the provision details submitted thru the monthly loan reports to the BOL, the financial statements are restated. The related accrued interest receivable has also been reclassified from 'Other assets' to 'Loans and advances to customers' as this amount is included in the EAD for provision calculation.

*(b) Reclassification of amount due from parent company*

Amounts lent to the parent company were previously presented as 'Loans to customers' in the statement of financial position. However, management considers it to be more relevant if loans to parent bank are presented in one separate line item in the statement of financial position.

Comparative figures have been restated to reflect the restatements as follows:

<b>Item in the Statement of Financial Position (extract)</b>	<b>Note(s)</b>	<b>As previously reported (LAKm)</b>	<b>Adjustment (LAKm)</b>	<b>Reclassification (LAKm)</b>	<b>As newly reported (LAKm)</b>
<b>As at 1 January 2020</b>					
<b>ASSETS</b>					
Loans and advances to customers	a,b	886,657	(8,153)	(175,524)	<b>702,980</b>
Loans to parent company	b	-	-	177,800	<b>177,800</b>
Other assets	a	23,539	-	(2,276)	<b>21,263</b>
<b>EQUITY</b>					
General provision for credit activities	a	4,433	(4,433)	-	-
Retained earnings	a	205,976	(3,720)	-	<b>202,256</b>
<b>As at 31 December 2020</b>					
<b>ASSETS</b>					
Loans and advances to customers	a,b	1,546,316	(26,299)	(370,788)	<b>1,149,229</b>
Loans to parent company	b	-	-	377,740	<b>377,740</b>
Other assets	a	43,214	-	(6,952)	<b>36,262</b>
<b>EQUITY</b>					
Statutory reserve	a	37,658	(1,485)	-	<b>36,173</b>
General provision for credit activities	a	7,732	(7,732)	-	-
Retained earnings	a	338,924	(17,083)	-	<b>321,841</b>
<b>For the year ended 31 December 2020</b>					
<b>Item in the Income Statement (extract)</b>					
Other operating expenses	a	(7,709)	3,505	-	(4,204)
Net gain from dealing in foreign currencies	a	34,325	208	-	<b>34,533</b>

**BANK OF CHINA (HONG KONG) LTD., VIENTIANE BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021**

**4. NET INTEREST AND SIMILAR INCOME**

	2021 LAKm	2020 LAKm
<b>Interest and similar income from:</b>		
Interbank transactions	148,571	93,214
Loans to customers	61,474	75,903
Held-to-maturity securities	21,947	43,451
	<u>231,992</u>	<u>212,568</u>
<b>Interest and similar expense for:</b>		
Interbank transactions	(1,174)	(7,223)
Customer deposits	(42,904)	(29,365)
	<u>(44,078)</u>	<u>(36,588)</u>
<b>Net interest and similar income</b>	<u>187,914</u>	<u>175,980</u>

**5. NET FEES AND COMMISSION INCOME**

	2021 LAKm	2020 LAKm
<b>Fees and commission income from:</b>		
Settlement activities	4,292	3,981
Treasury activities	12,189	5,604
Other activities	4,680	3,174
	<u>21,161</u>	<u>12,759</u>
<b>Fees and commission expenses for:</b>		
Financial enterprise fee	(1,045)	(1,145)
Clearing fee payable to central bank	(81)	(59)
Membership fee	(52)	(100)
	<u>(1,178)</u>	<u>(1,304)</u>
<b>Net fees and commission income</b>	<u>19,983</u>	<u>11,455</u>

**6. NET GAIN FROM DEALING IN FOREIGN CURRENCIES**

	2021 LAKm	Restated 2020 LAKm
Net gain from foreign exchange spot rate differences	11,503	10,247
Net gain from revaluation of monetary items	105,332	24,285
	<u>116,835</u>	<u>34,532</u>

**7. PAYROLL AND OTHER STAFF COSTS**

	2021 LAKm	2020 LAKm
Wages and allowances	29,125	23,005
Other staff costs	2,039	1,071
	<u>31,164</u>	<u>24,076</u>

**BANK OF CHINA (HONG KONG) LTD., VIENTIANE BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021**

**8. OTHER ADMINISTRATION EXPENSES**

	<b>2021</b>	<b>2020</b>
	<b>LAKm</b>	<b>LAKm</b>
Office rental	2,558	975
External services	570	538
Repair and maintenance	661	664
Publication, marketing and promotion	196	174
Telecommunication	1,858	1,449
Training, meeting and seminar	186	231
Electricity and water	1,119	1,046
Others	8,415	2,089
	<b>15,563</b>	<b>7,166</b>

**9. OTHER OPERATING EXPENSES**

	<b>2021</b>	<b>2020</b>
	<b>LAKm</b>	<b>LAKm</b>
Insurance fees for Depositor Protection Fund	4,237	2,739
Other expenses	1,746	1,465
	<b>5,983</b>	<b>4,204</b>

**10. INCOME TAX EXPENSE**

The Branch is obliged to pay profit tax at rate of 20% (2020: 20%) on total profit before tax of the year in accordance with Tax Law No.67/NA dated 18 June 2019 which is effective on or after 1 January 2020.

	<b>2021</b>	<b>2020</b>
	<b>LAKm</b>	<b>LAKm</b>
Profit before tax (i)	224,642	178,579
Non-taxable income	-	(24,285)
Non-deductible expenses	5,323	-
<b>Taxable income</b>	<b>229,965</b>	<b>154,294</b>
<b>Current profit tax expense, at the statutory rate of 20%</b>	<b>45,993</b>	<b>30,859</b>
Profit tax payable at the beginning of the year	3,995	49
Profit tax paid during the year	(36,477)	(26,913)
<b>PT payable at the end of the year (Note 21)</b>	<b>13,511</b>	<b>3,995</b>

(i) The profit before tax shown in 2020 in the schedule above is the previously reported profit before tax before restatements due to the change in accounting policy during 2021.

The taxation system in the Lao PDR is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Lao PDR substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

**BANK OF CHINA (HONG KONG) LTD., VIENTIANE BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021**

**11. CASH AND BALANCES WITH CENTRAL BANK**

	<b>2021</b>	<b>2020</b>
	<b>LAKm</b>	<b>LAKm</b>
Cash on hand (Note 11.1)	61,335	42,064
Balances with central bank (Note 11.2)	2,861,472	3,137,745
	<b>2,922,807</b>	<b>3,179,809</b>

**11.1 Cash on hand**

	<b>2021</b>	<b>2020</b>
	<b>LAKm</b>	<b>LAKm</b>
Cash on hand in LAK	8,215	8,280
Cash on hand in foreign currencies	53,120	33,784
<b>Included in cash and cash equivalent</b>	<b>61,335</b>	<b>42,064</b>

**11.2 Balances with central bank**

	<b>2021</b>	<b>2020</b>
	<b>LAKm</b>	<b>LAKm</b>
Demand deposits	420,491	971,693
Term deposit (i)	2,208,200	1,854,800
Compulsory deposit (ii)	232,776	311,247
Registered capital reserve (iii)	5	5
	<b>2,861,472</b>	<b>3,137,745</b>

- (i) The term deposits at the BOL have terms of 3 years and 5 years and earn interest at the fixed rate of 7.00% and floating rates of 3.00% + Libor 6-months rate per annum and 4.30% + Libor 6-month rate per annum.
- (ii) Under regulations of the BOL, the Branch is required to maintain certain cash reserves with the BOL in the form of compulsory deposits, which are computed at 3.00% for LAK and 5.00% for foreign currencies, on a bi-monthly basis, (2020: 4.00% and 8.00%) 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 of the BOL.
- (iii) Under the 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 (registered capital reserve) which is equivalent to 25% of their paid-up capital to secure for their operational continuance. The Branch was then approved by the BOL in Official Letters No. 194/BOL dated 18 May 2015, 239/BOL dated 18 June 2015 and 334/BOL dated 19 August 2016 to withdraw from this deposit account to supplement its working capital.

Balances of demand deposit, compulsory deposit and registered capital reserve with the BOL earn no interest.

**BANK OF CHINA (HONG KONG) LTD., VIENTIANE BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021**

**12. DUE FROM BANKS**

	2021 LAKm	2020 LAKm
Demand deposits (Note 12.1)	163,012	298,398
Term deposits (Note 12.2)	-	598,500
	<b>163,012</b>	<b>896,898</b>

**12.1 Demand deposits**

	2021 LAKm	2020 LAKm
<b>Balances at domestic banks</b>		
Industrial and Commercial Bank of China Limited, Vientiane Branch	1,374	9,802
<b>Balances at overseas banks</b>		
Bank of China, Shanghai RMB Trading Unit	22,846	53,243
Bank of China (Hong Kong) Limited	90,999	103,205
Bank of China (Thai) Public Co., Ltd	34,214	18,563
Bank of China Frankfurt Branch	37	152
Bank of China, Head Office	13,452	113,361
Bank of China, Shanghai Branch	90	72
	<b>163,012</b>	<b>298,398</b>

**12.2 Term deposits**

	2021 LAKm	Restated 2020 LAKm
<b>Term deposits at foreign banks</b>		
Bank of China, Shanghai RMB Trading Unit	-	598,500
	-	<b>598,500</b>

Term deposits at Bank of China, Shanghai RMB Trading Unit earn interest at rates ranging from 2.54% - 3.33% per annum (2020: 2.54% - 3.33% per annum).

**13. CASH AND CASH EQUIVALENTS**

	2021 LAKm	2020 LAKm
Cash on hand (Note 11.1)	61,335	42,064
Demand deposits with BOL (Note 11.2)	420,491	971,693
Demand deposits with other banks (Note 12.1)	163,012	298,398
	<b>644,838</b>	<b>1,312,155</b>

**BANK OF CHINA (HONG KONG) LTD., VIENTIANE BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021**

**14. INVESTMENT SECURITIES**

	2021 LAKm	2020 LAKm
Bonds issued by the BOL	552,050	463,700
	<b>552,050</b>	<b>463,700</b>

Details of bonds issued by the BOL as at 31 December 2021 are as follows:

Term	Purchase date	Maturity date	Face value USD	LAKm Equivalent	Interest rate % per annum
5-years	16-Jun-17	16-Jun-22	50,000,000	552,050	4.30% + Libor 6 months
			<b>50,000,000</b>	<b>552,050</b>	

Details of bonds issued by the BOL as at 31 December 2020 are as follows:

Term	Purchase date	Maturity date	Face value USD	LAKm Equivalent	Interest rate % per annum
5-years	16-Jun-17	16-Jun-22	50,000,000	463,700	4.30% + Libor 6 months
			<b>50,000,000</b>	<b>463,700</b>	

**15. LOANS TO CUSTOMERS, NET OF ALLOWANCE FOR CREDIT LOSSES**

	2021 LAKm	Restated 2020 LAKm
Loans to customers	1,475,446	1,168,576
Accrued interest receivable	7,248	6,952
Less: allowance for credit losses	(75,201)	(26,299)
	<b>1,407,493</b>	<b>1,149,229</b>

Interest rates for loans to customers during the year are as follows:

	2021 Interest rates (% per annum)	2020 Interest rates (% per annum)
Loans denominated in LAK	6.80 - 11.00	8.00 - 11.00
Loans denominated in USD	2.70 - 7.00	4.50 - 8.54
Loans denominated in CNY	2.80 - 6.50	2.80 - 6.50

**15.1 Analysis of loans to customers**

*Analysis by currency*

	2021 LAKm	2020 LAKm
Loans denominated in LAK	225,390	290,367
Loans denominated in USD	1,221,132	846,859
Loans denominated in CNY	28,924	31,350
	<b>1,475,446</b>	<b>1,168,576</b>

*Analysis by status of loans*

	2021 LAKm	2020 LAKm
Performing loans	1,475,446	1,168,576
	<b>1,475,446</b>	<b>1,168,576</b>

**BANK OF CHINA (HONG KONG) LTD., VIENTIANE BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021**

**15. LOANS TO CUSTOMERS, NET OF ALLOWANCE FOR CREDIT LOSSES**

**15.1 Analysis of loans to customers**

*Analysis by original term*

	2021 LAKm	2020 LAKm
Short-term loans	85,956	86,730
Medium-term loans	774,277	458,079
Long-term loans	615,213	623,767
	<b>1,475,446</b>	<b>1,168,576</b>

*Analysis by economic sectors*

	2021 LAKm	2020 LAKm
Industrial services companies	451,133	348,074
Construction companies	786,319	694,243
Agriculture companies	88,329	55,644
Trading companies	-	5,564
Banking Industry	47,940	-
Others	101,725	65,051
	<b>1,475,446</b>	<b>1,168,576</b>

**15.2 Provision for credit losses**

Movement of provision of the Branch during the year is as follows:

	2021 LAKm	Restated 2020 LAKm
ECL allowance as at 1 January	26,299	8,153
Impairment charge during the year	43,803	18,146
Foreign currency differences	5,099	-
As at 31 December	<b>75,201</b>	<b>26,299</b>

**16. LOANS TO PARENT COMPANY**

	2021 LAKm	2020 LAKm
Gross loans to parent company	3,342,760	377,740
As at 31 December	<b>3,342,760</b>	<b>377,740</b>

Loans to parent company have terms of ranging from 1 month to 3 months which earns interest at the rate of ranging from 1.35% to 5.00% per annum.



**BANK OF CHINA (HONG KONG) LTD., VIENTIANE BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021**

**17. FIXED ASSETS AND RIGHT-OF-USE ASSETS**

Movement for the year ended 31 December 2021 is as follows:

	Property and equipment				Right-of-use assets	Total LAKm
	Building improvement LAKm	Furniture & fixtures LAKm	Computer equipment LAKm	Motor vehicles LAKm	Building LAKm	
<b>Cost</b>						
At 1 January 2021	7,448	2,994	8,443	2,883	13,954	35,722
Additions	-	-	800	-	-	800
Adjustments	-	-	-	-	(892)	(892)
<b>At 31 December 2021</b>	<b>7,448</b>	<b>2,994</b>	<b>9,243</b>	<b>2,883</b>	<b>13,062</b>	<b>35,630</b>
<b>Accumulated depreciation</b>						
At 1 January 2021	7,448	2,685	5,780	1,629	4,214	21,756
Charge for the year	-	49	1,030	353	2,185	3,617
<b>At 31 December 2021</b>	<b>7,448</b>	<b>2,734</b>	<b>6,810</b>	<b>1,982</b>	<b>6,399</b>	<b>25,373</b>
<b>Net book value</b>						
<b>As at 31 December 2021</b>	<b>-</b>	<b>260</b>	<b>2,433</b>	<b>901</b>	<b>6,663</b>	<b>10,257</b>

Movement for the year ended 31 December 2020 is as follows:

	Property and equipment				Right-of-use assets	Total LAKm
	Building improvement LAKm	Furniture & fixtures LAKm	Computer equipment LAKm	Motor vehicles LAKm	Building LAKm	
<b>Cost</b>						
At 1 January 2020	7,448	2,795	6,844	2,883	12,956	32,926
Additions	-	199	1,599	-	998	2,796
<b>At 31 December 2020</b>	<b>7,448</b>	<b>2,994</b>	<b>8,443</b>	<b>2,883</b>	<b>13,954</b>	<b>35,722</b>
<b>Accumulated depreciation</b>						
At 1 January 2020	6,331	2,550	4,994	1,206	2,029	17,110
Charge for the year	1,117	135	786	423	2,185	4,646
<b>At 31 December 2020</b>	<b>7,448</b>	<b>2,685</b>	<b>5,780</b>	<b>1,629</b>	<b>4,214</b>	<b>21,756</b>
<b>Net book value</b>						
At 1 January 2020	1,117	245	1,850	1,677	10,927	15,816
<b>As at 31 December 2020</b>	<b>-</b>	<b>309</b>	<b>2,663</b>	<b>1,254</b>	<b>9,740</b>	<b>13,966</b>

**18. OTHER ASSETS**

	2021 LAKm	Restated 2020 LAKm
Accrued interest receivable	44,322	32,764
Others	17,006	3,497
<b>As at 31 December</b>	<b>61,328</b>	<b>36,261</b>

**BANK OF CHINA (HONG KONG) LTD., VIENTIANE BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021**

**19. DUE TO BANKS**

	<b>2021</b>	<b>2020</b>
	<b>LAKm</b>	<b>LAKm</b>
<b>Demand deposits from domestic banks</b>		
ANZ Bank (Laos) Limited	151,332	226,133
Canadia Bank Lao Limited	112	1,517
Banque Pour Le Commerce Exterieur Lao Public	94,510	19,785
Lao China Bank Limited	24,325	16,100
Banque Franco Lao Ltd	110	-
<b>Term deposits from domestic banks</b>		
Canadia Bank Lao Limited	22,082	18,549
<b>Borrowing from overseas banks</b>		
Bank of China (Hong Kong) Limited	783,911	139,110
	<b>1,076,382</b>	<b>421,194</b>

The term deposit from Canadia Bank Lao Limited has a term of 6 months and bears interest at the rate 1.00% per annum.

The term deposit from Bank of China (Hong Kong) Limited has a term of 1 month and bears interest at the rate of 0.22% per annum.

**20. DUE TO CUSTOMERS**

	<b>2021</b>	<b>2020</b>
	<b>LAKm</b>	<b>LAKm</b>
<b>Demand deposits</b>	<b>1,885,827</b>	<b>3,217,104</b>
- in LAK	141,443	735,634
- in foreign currencies	1,744,384	2,481,470
<b>Saving deposits</b>	<b>406,792</b>	<b>322,642</b>
- in LAK	21,102	85,285
- in foreign currencies	385,690	237,357
<b>Term deposits</b>	<b>4,030,517</b>	<b>1,316,367</b>
- in LAK	7,160	4,761
- in foreign currencies	4,023,357	1,311,606
	<b>6,323,136</b>	<b>4,856,113</b>

The interest rates during the year for these deposits are as follows:

	<b>2021</b>	<b>2020</b>
	<b>Interest rate</b>	<b>Interest rate</b>
	<b>(% per annum)</b>	<b>(% per annum)</b>
Demand deposits in LAK	No interest	No interest
Demand deposits in foreign currencies	No interest	No interest
Saving deposits in LAK	1.11	1.10
Saving deposits in USD	1.25	1.25
Saving deposits in THB	0.50	0.50
Saving deposits in CNY	0.90	0.90
Term deposits in LAK	3.00 - 6.25	3.00 - 6.25
Term deposits in USD	1.75 - 5.75	1.70 - 6.75
Term deposits in THB	0.90 - 4.50	0.90 - 4.50
Term deposits in CNY	1.60 - 2.20	0.40 - 2.20

**BANK OF CHINA (HONG KONG) LTD., VIENTIANE BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021**

**21. OTHER LIABILITIES**

	2021 LAKm	2020 LAKm
Accrued interest payable	33,984	19,567
Payable to Bank of China, Head Office	30,691	26,037
Payable to employee	7,923	7,467
Transaction waiting for settlement	29,154	17,998
Profit tax payable (Note 10)	13,511	3,995
Other tax payable	-	766
Others	3,163	1,352
	<b>118,426</b>	<b>77,182</b>

**22. 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.

Significant balances with related parties are as follows:

Related party	Relationship	Balances	Note	2021 Receivable/ (Payable) LAKm	2020 Receivable/ (Payable) LAKm
Bank of China (Hong Kong) Limited	Parent bank	Demand deposit	12	90,999	103,205
		Borrowing	19	(783,911)	(139,110)
		Accrued interest		(114)	(2)
		Lending	16	3,342,760	377,740
		Accrued interest		9,466	23
Bank of China, Head Office	Affiliate	Demand deposit	12	13,452	113,361
		Other payable	21	(30,691)	(26,037)
Bank of China Limited, Shanghai RMB Trading Unit	Affiliate	Demand deposit	12	22,846	53,243
		Term deposit	12	-	598,500
		Accrued interest		-	2,442
Bank of China (Thai) Public Company Limited	Affiliate	Demand deposit	12	34,214	18,563
Bank of China Shanghai Branch	Affiliate	Demand deposit	12	90	72
Bank of China Frankfurt Branch	Affiliate	Demand deposit	12	37	152

**BANK OF CHINA (HONG KONG) LTD., VIENTIANE BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021**

**22. RELATED PARTY TRANSACTIONS**

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

	<b>2021</b>	<b>2020</b>
	<b>LAKm</b>	<b>LAKm</b>
Interest income from deposits at Bank of China, Shanghai RMB Trading Unit	4,023	9,636
Interest income from loan to Bank of China (Hong Kong) Limited	38,499	10,294
Interest expense from borrowing from Bank of China (Hong Kong) Limited	(984)	(6,009)

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

Remuneration to Management is as follows:

	<b>2021</b>	<b>2020</b>
	<b>LAKm</b>	<b>LAKm</b>
Salaries and bonus	3,897	5,951
	<b>3,897</b>	<b>5,951</b>

