

**Bank of China Ltd., Vientiane Branch**

Financial Statements

31 December 2017



# Bank of China Ltd., Vientiane Branch

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## Bank of China Ltd., Vientiane Branch

### GENERAL INFORMATION

#### THE BRANCH

Bank of China Ltd., Vientiane Branch (the "Branch"), a branch of Bank of China Ltd., was established in Lao PDR and operates under Banking License No. 06/BOL granted by Bank of the Lao PDR ("the BOL") on 19 February 2015.

The initial registered capital of the Branch is LAK 405,100,000,000. The actual paid-up capital as at 31 December 2017 is LAK 405,100,000,000 (31 December 2016: LAK 405,100,000,000).

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

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

#### GENERAL MANAGER AND LEGAL REPRESENTATIVE

The legal representative of the Branch during the year and at the date of this report is Mr. Li Zhiyong, the General Manager.

#### AUDITORS

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

# Bank of China Ltd., Vientiane Branch

## REPORT OF MANAGEMENT

Management of Bank of China Ltd., Vientiane Branch (the "Branch") is pleased to present this report and the Branch's financial statements for the year ended 31 December 2017.

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

The Branch's Management is responsible for the financial statements of each financial year which give a true and fair view of the financial position of the Branch and of the results of the operations and its cash flows for the year. In preparing those financial statements, Management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgments and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Branch will continue its business.

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

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

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Branch as at 31 December 2017 and of the results of its operations and its cash flows for the year then ended in accordance with the Accounting Law of Lao PDR and the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements.

For and on behalf of Management:

  
Mr. Li Zhiyong  
General Manager



Vientiane, Lao PDR

30 March 2018

Reference: 61245636/19754708

## INDEPENDENT AUDITORS' REPORT

**To: The Owner of  
Bank of China Ltd., Vientiane Branch**

We have audited the financial statements of Bank of China Ltd., Vientiane Branch ("the Branch"), which comprise the balance sheet as at 31 December 2017, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Branch are prepared, in all material respects, in accordance with the Accounting Law of Lao PDR and with the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements.

### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Branch in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Lao PDR and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Emphasis of Matter***

We draw attention to Note 2 to the financial statements, which describes the accounting policies adopted by the Branch. These accounting policies are not intended to present the financial position, the results of operations and cash flows of the Branch in accordance with international generally accepted accounting principles. Our opinion is not modified in respect of this matter.

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

The Branch's management is responsible for the preparation of the financial statements in accordance with the Accounting Law of Lao PDR and with the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Branch 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 management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Ernst & Young Lao*

Vientiane, Lao PDR

31 March 2018



## Bank of China Ltd., Vientiane Branch

INCOME STATEMENT  
for the year ended 31 December 2017

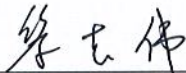
Code	ITEMS	Notes	2017 LAKm	2016 LAKm
<b>A</b>	<b>OPERATING INCOME AND EXPENSES</b>			
<b>1</b>	<b>Interest and similar income</b>	<b>3</b>	<b>77,867</b>	<b>34,160</b>
1.1	Interest and similar income from interbank transactions		16,266	1,260
1.2	Interest and similar income from loans to customers		24,738	11,430
1.3	Other interest and similar income		36,863	21,470
<b>2</b>	<b>Interest and similar expense</b>	<b>3</b>	<b>(10,750)</b>	<b>(9,339)</b>
2.1	Interest and similar expense for interbank transactions		(4,016)	(8,543)
2.2	Interest and similar expense for customers deposits		(6,734)	(795)
<b>I.</b>	<b>NET INTEREST AND SIMILAR INCOME</b>		<b>67,117</b>	<b>24,821</b>
<b>3</b>	<b>Fee and commission income</b>	<b>4</b>	<b>3,437</b>	<b>1,820</b>
<b>4</b>	<b>Fee and commission expense</b>	<b>5</b>	<b>(281)</b>	<b>(204)</b>
<b>5</b>	<b>Net gain from dealing in foreign currencies</b>	<b>6</b>	<b>7,867</b>	<b>926</b>
<b>II.</b>	<b>NET OPERATING INCOME</b>		<b>78,140</b>	<b>27,363</b>
<b>B</b>	<b>OTHER INCOME AND EXPENSES</b>			
<b>6</b>	<b>Other operating income</b>		<b>771</b>	<b>243</b>
<b>7</b>	<b>Administration expenses</b>		<b>(24,141)</b>	<b>(17,873)</b>
7.1	Payroll and other staff costs	7	(15,013)	(10,240)
7.2	Other administration expenses	8	(9,128)	(7,633)
<b>8</b>	<b>Depreciation and amortization charges</b>		<b>(3,575)</b>	<b>(4,354)</b>
<b>9</b>	<b>Other operating expenses</b>	<b>9</b>	<b>(4,686)</b>	<b>(867)</b>

Bank of China Ltd., Vientiane Branch

INCOME STATEMENT (continued)  
for the year ended 31 December 2017

Code	ITEMS	Notes	2017 LAKm	2016 LAKm
III.	TOTAL PROFIT BEFORE TAX		46,509	4,512
10	Profit tax expense	22	(9,547)	-
IV.	PROFIT AFTER TAX		36,962	4,512

Prepared by:



Mr. Li Zhiwei  
Financial Management and  
Operation Service Unit Manager

Reviewed by:



Mr. Li Zhiyong  
General Manager



Vientiane, Lao PDR

30 March 2018



## Bank of China Ltd., Vientiane Branch

BALANCE SHEET  
as at 31 December 2017

<i>Code</i>	<i>ASSETS</i>	<i>Notes</i>	<i>31 December 2017 LAKm</i>	<i>31 December 2016 LAKm</i>
<b>I</b>	<b>Cash and balances with Bank of the Lao PDR ("the BOL")</b>		<b>428,487</b>	<b>386,016</b>
1	Cash on hand	10	21,142	10,660
2	Balances with the BOL	11	407,345	375,356
<b>II</b>	<b>Due from other banks</b>		<b>868,730</b>	<b>410,493</b>
1	Demand deposits	12.1	308,050	164,973
2	Term deposit	12.2	560,680	245,520
<b>III</b>	<b>Investment in securities</b>		<b>829,300</b>	<b>409,200</b>
1	Held-to-maturity securities	13	829,300	409,200
<b>IV</b>	<b>Loans to customers, net of provision for non-performing loans</b>	<b>14</b>	<b>410,305</b>	<b>122,404</b>
<b>V</b>	<b>Fixed assets</b>		<b>7,465</b>	<b>10,056</b>
1	Tangible fixed assets	15.1	7,465	9,808
2	Intangible fixed assets	15.2	-	248
<b>VI</b>	<b>Other assets</b>		<b>23,333</b>	<b>22,650</b>
1	Accrued interests receivables	16	7,754	5,031
2	Other assets	17	15,579	17,619
	<b>TOTAL ASSETS</b>		<b>2,567,620</b>	<b>1,360,819</b>

## Bank of China Ltd., Vientiane Branch

BALANCE SHEET (continued)  
as at 31 December 2017

Code	LIABILITIES AND CAPITAL	Notes	31 December 2017 LAKm	31 December 2016 LAKm
<b>I</b>	<b>Due to other banks</b>		<b>139,730</b>	<b>532,197</b>
1	Demand deposits from other banks	18.1	72,827	81,900
2	Term deposits from other banks	18.1	66,344	41,097
3	Borrowed funds	18.2	-	409,200
4	Other payables to other banks	18.1	559	-
<b>II</b>	<b>Due to customers</b>	<b>19</b>	<b>1,978,112</b>	<b>425,244</b>
1	Demand deposits		1,718,143	293,628
2	Saving deposits		113,692	32,665
3	Term deposits		146,277	98,951
<b>III</b>	<b>Other liabilities</b>		<b>13,206</b>	<b>6,647</b>
1	Accrued interest	20	2,153	2,361
2	Tax payables	22	3,065	-
3	Other liabilities	21	7,988	4,286
	<b>TOTAL LIABILITIES</b>		<b>2,131,048</b>	<b>964,088</b>
<b>IV</b>	<b>Capital and reserves</b>			
1	Paid-up capital	23	405,100	405,100
2	Statutory reserve		2,737	-
3	General provision for credit activities	14.2	4,103	1,224
4	Retained earnings/(Accumulated losses)		24,632	(9,593)
	<b>TOTAL CAPITAL</b>		<b>436,572</b>	<b>396,731</b>
	<b>TOTAL LIABILITES AND CAPITAL</b>		<b>2,567,620</b>	<b>1,360,819</b>

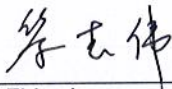
Bank of China Ltd., Vientiane Branch

BALANCE SHEET (continued)  
as at 31 December 2017

Code	LIABILITIES AND CAPITAL	31 December 2017 LAKm	31 December 2016 LAKm
I	<b>Commitments given</b>		
A	<b>Commitments for financing given</b>	3,500	-
1	Commitments for financing given to customers	3,500	-
B	<b>Commitments for guarantees given</b>	2,665,385	-
1	Commitments for guarantees given to customers	2,665,385	-
II	<b>Collaterals and Mortgages</b>	511,716	1,090,209
1	Collaterals and Mortgages for loans to customers	511,716	1,090,209
	<b>TOTAL COLLATERALS AND MORTGAGES</b>	<b>3,180,601</b>	<b>1,090,209</b>

Prepared by:

Reviewed by:



Mr. Li Zhiwei  
Financial Management and  
Operation Service Unit Manager



Mr. Li Zhiyong  
General Manager



Vientiane, Lao PDR

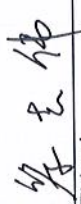
30 March 2018

Bank of China Ltd., Vientiane Branch

STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 December 2017

ITEMS	Paid-up capital LAKm	Statutory reserve LAKm	General provision for credit activities LAKm	Retained earnings/ (Accumulated losses) LAKm	Total LAKm
<b>Balance as at 1 January 2017</b>	<b>405,100</b>	-	<b>1,224</b>	<b>(9,593)</b>	<b>396,731</b>
Net profit for the year	-	-	-	36,962	36,962
Appropriate to reserve for the year 2017	-	2,737	-	(2,737)	-
General provision charged during the year	-	-	3,640	-	3,640
Reversal of general provision during the year	-	-	(768)	-	(768)
Foreign exchange differences	-	-	7	-	7
<b>Balance as at 31 December 2017</b>	<b>405,100</b>	<b>2,737</b>	<b>4,103</b>	<b>24,632</b>	<b>436,572</b>

Prepared by:

  
Mr. Li Zhiwei  
Financial Management and Operation  
Service Unit Manager

Vientiane, Lao PDR

30 March 2018

Reviewed by:



Mr. Li Zhiyong  
General Manager

# Bank of China Ltd., Vientiane Branch

## CASH FLOW STATEMENT for the year ended 31 December 2017

ITEMS	Notes	2017 LAKm	2016 LAKm
<b>OPERATING ACTIVITIES</b>			
<b>Net profit before tax</b>		<b>46,509</b>	<b>4,512</b>
<i>Adjustments for:</i>			
Depreciation and amortization charges		3,575	4,354
Loan loss provision expenses	14.2	2,872	245
<b>Cash flows from operations before changing in operating assets and liabilities</b>		<b>52,956</b>	<b>9,111</b>
<i>(Increase)/decrease in operating assets</i>			
Balances with other banks		(177,521)	2,221
Loans and advances to customers		(287,901)	(24,516)
Accrued interest receivables		(2,723)	(833)
Other assets		2,046	2,050
<i>Increase/(decrease) in operating liabilities</i>			
Deposits and borrowings from other banks		16,174	92,997
Customer deposits and other amounts due to customers		1,552,868	352,152
Borrowing fund		(409,200)	-
Accrued interest payables		(208)	945
Other liabilities		4,262	(45,270)
Profit tax paid during the year	22	(6,482)	-
<b>Net cash flows from operating activities</b>		<b>744,271</b>	<b>388,857</b>
<b>INVESTING ACTIVITIES</b>			
Payments to acquire property and equipment	15.1	(984)	(25)
Investment in securities		(420,100)	-
<b>Net cash flows used in investing activities</b>		<b>(421,084)</b>	<b>(25)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>323,187</b>	<b>388,832</b>

Bank of China Ltd., Vientiane Branch

CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2017

ITEMS	Notes	2017 LAKm	2016 LAKm
Cash and cash equivalents at the beginning of the year		766,365	377,533
Cash and cash equivalents at the end of the year	24	1,089,552	766,365

Prepared by:

Mr. Li Zhiwei  
Financial Management and  
Operation Service Unit Manager

Reviewed by:



Mr. Li Zhiyong  
General Manager

Vientiane, Lao PDR

30 March 2018

## Bank of China Ltd., Vientiane Branch

NOTE TO THE FINANCIAL STATEMENTS  
as at and for the year then ended 31 December 2017

### 1. CORPORATE INFORMATION

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

Bank of China Ltd., Vientiane Branch (the "Branch"), a branch of Bank of China Ltd., was established in Lao PDR and operates under Banking License No. 06/BOL granted by Bank of the Lao PDR ("the BOL") on 19 February 2015.

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

#### ***Paid-up capital***

The initial registered capital of the Branch is LAK 405,100,000,000. The actual paid-up capital as at 31 December 2017 is LAK 405,100,000,000.

#### ***General Manager***

The Branch's General Manager during year and at the date of this report is Mr. Li Zhiyong.

#### ***Location***

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

#### ***Employees***

Total employees of the Branch as at 31 December 2017 were 33 people (31 December 2016: 27)

## Bank of China Ltd., Vientiane Branch

NOTE TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1. *Statement of compliance*

Management of the Branch states that the accompanying financial statements have been prepared in compliance with the Accounting Law of Lao PDR and the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements.

#### 2.2. *Basis of preparation*

The Branch maintained its accounting records in Lao Kips ("LAK") and prepared its financial statements in millions of Lao Kips ("LAKm") in accordance with Decree No. 02/PR by the Prime Minister of Lao PDR dated 22 March 2000 and the Accounting Law of Lao PDR and the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements.

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

#### 2.3. *Fiscal year*

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

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

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

The recognition of accrued interest income is suspended when the loans becoming non-performing (See Note 2.8 for the definition of non-performing loans) or when management believes that the borrower has no ability to repay the interest and principal. Interest income on such loans is only recorded in the income statement when actually received.

#### 2.5. *Recognition of fee and commission*

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

Fee and commissions are recognized in to 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 or equivalent to 30 days are readily convertible to known amount of cash and accounts due from banks with original maturity of less than or equivalent to 30 days.



## Bank of China Ltd., Vientiane Branch

NOTE TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2017

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

#### 2.7. Loans to customers

Loans to customers are recognized at cost and presented at outstanding balance less provision for non-performing loans as at the year end.

#### 2.8. Provision for non-performing loans

In accordance with Regulation 324/BOL ("BOL324") dated 19 April 2011, the Branch is required to classify loans and make provision for impairment losses. Accordingly, loans are classified into Performing loans or Non-performing loans ("NPL") based on the payment arrears status and other qualitative factors. Loans classified as either Normal or Pass (Group A) or Watch or Special Mention (Group B) are considered as Performing loans. Loans classified as either Substandard (Group C) or Doubtful (Group D) or Loss (Group E) are considered as Non-performing loans.

According to BOL324, provision for non-performing loans is calculated by multiplying the outstanding balance of each loan item with the provision rates applicable to the respective loan classification as follows:

No	Category	Provision rate
C	Substandard	20%
D	Doubtful	50%
E	Loss	100%

Changes in provision for non-performing loans are recorded to the income statement as "Provision expense for non-performing loans" or "Reversal of provision for non-performing loans". Accumulated provision reserve for non-performing loans is recorded in the balance sheet in "Loans and advances to customers, net of provision for NPL".

#### 2.9. General provision for credit activities

In accordance with BOL324, the Branch is required to make a general provision for loan losses at the rate 3.00% of the total balance of Watch or Special Mention loans as at the balance sheet date and general provision for Normal or Pass loans shall be made upon the BOL's notification for each year. For the year ended 31 December 2017, the general provision rate for Normal or Pass loans is ranging from 0.5% to 1% in accordance with the Official Letter No. 242/BOL issued by Bank of the Lao PDR on 2 April 2011. Accordingly, the Branch made a general provision at rate of 1% of total balance of Normal or Pass loans.

The Branch complied with the BOL's regulations on general for provided for Normal or Pass and Watch or Special Mention loans for the year ended 31 December 2017.

In accordance with the relevant accounting regulations as stipulated by Bank of the Lao PDR, any changes in general provision for credit activities are recorded to the income statement as "Other operating expenses" for general provision expense and "Other operating income" for reversal of general provision expense and the balance of general provision reserve is recorded in the balance sheet in "General provision for credit activities" under capital and reserves of the Branch.

# Bank of China Ltd., Vientiane Branch

NOTE TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2017

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

### 2.10 *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 they are sold before maturity date, these securities will be reclassified as trading securities or available-for-sale securities.

Held-to-maturity securities are initially recognized at cost and subsequently presented at cost. Premiums and discounts arising from securities purchases are amortized 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 recognized as "Net gain/(loss) from securities investment" in the income statement.

### 2.11. *Fixed assets*

Fixed asset includes tangible fixed assets and intangible fixed assets. Tangible fixed assets consist of building improvements, furniture and fixtures, computer equipment and motor vehicles. Intangible fixed assets include start-up costs.

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

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

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

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

### 2.12. *Depreciation and amortization*

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

<i>Tangible fixed assets:</i>	
Building improvements	5%
Furniture and fixtures	20%
Computer equipment	20%
Motor vehicles	20%
<i>Intangible fixed assets:</i>	
Start-up costs	50%

# Bank of China Ltd., Vientiane Branch

NOTE TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2017

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

### 2.13. Statutory Reserves

Under the requirement of the Law on commercial Bank dated 16 January 2007, commercial banks are required to appropriate net profit to following reserves:

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

In accordance with the Regulation on capital adequacy No.1/BOL dated 28 August 2001 by the Governor of the Bank of Lao P.D.R and other relevant guidance, commercial banks are required to appropriate at least 5% of profit after tax each year, after deducting retained losses, to regulatory reserve fund, until such fund reaches 10% of Tier-1 capital. Based on this requirement, management will decide the exact percentage of each year.

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

### 2.14. Foreign currency transactions

The Branch maintains its accounting system and records all transactions in original currencies. Monetary assets and liabilities denominated in foreign currencies at year end are translated into LAK at exchange rates ruling on the balance sheet date. Income and expenses arising in foreign currencies during the year are converted into LAK at rates ruling on the transaction dates. Foreign exchange differences arising from the transaction of monetary assets and liabilities on the balance sheet date are recognized into the income statement. The list of applicable foreign currencies against LAK on 31 December 2017 and 2016 presented below:

	31 December 2017	31 December 2016
	LAK	LAK
United State Dollar ("USD")	8,293	8,184
Thai baht ("THB")	253.84	228.60
Chinese Yuan ("CNY")	1,272	1,174

### 2.15. Taxation

Provision is made for taxation on the current year's profits, based on the Tax Law governing taxation within Lao PDR. The Branch is obliged to pay tax at the rate of 24% of total profit before tax for the year ended 31 December 2017 in accordance with the Tax Law No.70/NA dated 15 December 2015 which is effective on or after 24 May 2016. The Branch's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations in many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

## Bank of China Ltd., Vientiane Branch

NOTE TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2017

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

#### 2.16. *Employee benefit*

##### *Post-employment benefits*

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

##### *Termination benefits*

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

- ▶ The employee lacks specialised skills or is not in good health and thus cannot continue to work;
- ▶ The employer considers it necessary to reduce the number of workers in order to improve the work within the labour unit.

For the termination of an employment contract on any of the above-mentioned grounds, the employer must pay a termination allowance which is calculated on the basis of 10% of the basic monthly salary earned before the termination of work. As at 31 December 2017, 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.

## Bank of China Ltd., Vientiane Branch

NOTE TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2017

### 3. NET INTEREST AND SIMILAR INCOME

	<u>2017</u> <i>LAKm</i>	<u>2016</u> <i>LAKm</i>
<b>Interest and similar income from:</b>		
Interbank transactions	16,266	1,260
Loans to customers	24,738	11,430
Held-to-maturity securities	36,863	21,470
	<u>77,867</u>	<u>34,160</u>
<b>Interest and similar expense for:</b>		
Interbank transactions	(4,016)	(8,543)
Customer deposits	(6,734)	(795)
	<u>(10,750)</u>	<u>(9,338)</u>
<b>Net interest and similar income</b>	<u>67,117</u>	<u>24,822</u>

### 4. FEES AND COMMISSION INCOME

	<u>2017</u> <i>LAKm</i>	<u>2016</u> <i>LAKm</i>
<b>Fees and commission income from:</b>		
Settlement activities	3,434	802
Treasury activities	1	-
Other	2	1,018
	<u>3,437</u>	<u>1,820</u>

### 5. FEE AND COMMISSION EXPENSES

	<u>2017</u> <i>LAKm</i>	<u>2016</u> <i>LAKm</i>
<b>Fees and commission expenses for:</b>		
Financial enterprise fee	214	51
Clearing fee payable to central bank	13	5
Membership fee	54	148
	<u>281</u>	<u>204</u>

## Bank of China Ltd., Vientiane Branch

NOTE TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2017

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

	<u>2017</u> <u>LAKm</u>	<u>2016</u> <u>LAKm</u>
Gain from foreign exchange spot rate differences and revaluation of monetary items	7,867	926
	<u>7,867</u>	<u>926</u>

### 7. PAYROLL AND OTHER STAFF COSTS

	<u>2017</u> <u>LAKm</u>	<u>2016</u> <u>LAKm</u>
Wages and allowances	14,370	9,768
Other staff costs	643	472
	<u>15,013</u>	<u>10,240</u>

### 8. OTHER ADMINISTRATION EXPENSES

	<u>2017</u> <u>LAKm</u>	<u>2016</u> <u>LAKm</u>
Office rental	2,285	2,223
External services	560	163
Repair and maintenance	362	284
Publication, marketing and promotion	18	51
Telecommunication	801	801
Training, meeting and seminar	2,070	1,199
Electricity and water	784	813
Audit and lawyer fee	125	125
Others	2,123	1,974
	<u>9,128</u>	<u>7,633</u>

## Bank of China Ltd., Vientiane Branch

NOTE TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2017

### 9. OTHER OPERATING EXPENSES

	2017 LAKm	2016 LAKm
General provision for loans to customers (Note 14.2)	3,640	486
Commissions for Depositor Protection Fund	628	117
Other expenses	418	264
	<b>4,686</b>	<b>867</b>

### 10. CASH ON HAND

	31 December 2017 LAKm	31 December 2016 LAKm
Cash on hand in LAK	2,448	2,065
Cash on hand in foreign currencies	18,694	8,595
	<b>21,142</b>	<b>10,660</b>

### 11. BALANCES WITH BANK OF THE LAO PDR ("the BOL")

	31 December 2017 LAKm	31 December 2016 LAKm
Demand deposit	199,680	345,212
Compulsory deposit (*)	207,660	30,139
Registered capital reserve (**)	5	5
	<b>407,345</b>	<b>375,356</b>

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

(\*) 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 5.00% for LAK and 10.00% for foreign currencies, on a bi-monthly basis, (2016: 5.00% and 10.00%) of customer deposits having original maturities of less than 12 months. During the year, the Branch maintained its compulsory deposits in compliance with the requirements of the BOL.

(\*\*) 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. As at 31 December 2017, the balance of the special deposit of the Branch is LAKm 5.

## Bank of China Ltd., Vientiane Branch

NOTE TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2017

### 12. DUE FROM OTHER BANKS

#### 12.1 Demand deposits

	<u>31 December 2017</u> LAKm	<u>31 December 2016</u> LAKm
<b>Balances at domestic banks</b>		
Industrial and Commercial Bank Of China Limited, Vientiane Branch	2,141	40
<b>Balances at foreign banks</b>		
Bank of China, Shanghai RMB Trading Unit	8,779	53,736
Bank of China (Hongkong) Limited	1,972	238
Bank of China (Thai) Public Company Limited	7,360	14,689
Bank of China, Head Office	58,201	17,430
Bank of China, New York Branch	229,533	78,521
Bank of China, Frankfurt Branch	-	319
Bank of China, Shanghai Branch	64	-
	<u>308,050</u>	<u>164,973</u>

#### 12.2 Term deposits

	<u>31 December 2017</u> LAKm	<u>31 December 2016</u> LAKm
<b>Term deposit at foreign bank</b>		
Bank of China, Head Office	331,720	245,520
Bank of China, Shanghai RMB Trading Unit	228,960	-
	<u>560,680</u>	<u>245,520</u>

The term deposits at Bank of China, Head Office have term of 1 month and earn interest at rates of 1.80% - 2.20% per annum.

The term deposits at Bank of Chana, Shanghai RMB Trading Unit have term of 1 month and earn interest at rates of 4.32% - 5.10% per annum.

### 13. HELD-TO-MATURITY SECURITIES

	<u>31 December 2017</u> LAKm	<u>31 December 2016</u> LAKm
Bonds issued by the BOL	829,300	409,200
	<u>829,300</u>	<u>409,200</u>

Bonds issued by the BOL as at 31 December 2017 include:

<u>Term</u>	<u>Purchase date</u>	<u>Maturity date</u>	<u>Face value</u> USD	<u>LAKm</u> <u>Equivalent</u>	<u>Interest rate</u> <u>% per annum</u>
5 year	21-Oct-15	25-Oct-20	50,000,000	414,650	4,30% + Libor 6 months
5 year	16-Jun-17	16-Jun-22	50,000,000	414,650	4,30% + Libor 6 months
			<u>100,000,000</u>	<u>829,300</u>	



## Bank of China Ltd., Vientiane Branch

NOTE TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2017

### 14. LOANS TO CUSTOMERS, NET OF PROVISION FOR NON-PERFORMING LOANS

	31 December 2017 LAKm	31 December 2016 LAKm
Loans to customers (Note 14.1)	410,305	122,404
Less provision for non-performing loans (Note 14.2)	-	-
	<b>410,305</b>	<b>122,404</b>

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

	2017 Interest rates % per annum	2016 Interest rates % per annum
Loans denominated in LAK	8.00 - 11.00%	8.00 - 11.00%
Loans denominated in USD	7.75%	7.75%

#### 14.1 Analysis of loans to customers

*Analysis by currency*

	31 December 2017 LAKm	31 December 2016 LAKm
Loans denominated in LAK	356,400	73,300
Loans denominated in USD	53,905	49,104
	<b>410,305</b>	<b>122,404</b>

*Analysis by status of loans*

	31 December 2017 LAKm	31 December 2016 LAKm
Performing loans	410,305	122,404
Non-performing loans	-	-
	<b>410,305</b>	<b>122,404</b>

*Analysis by original term*

	31 December 2017 LAKm	31 December 2016 LAKm
Short-term loans	12,947	24,300
Medium-term loans	97,358	98,104
Long-term loans	300,000	-
	<b>410,305</b>	<b>122,404</b>

*Analysis by economic sectors*

	31 December 2017 LAKm	31 December 2016 LAKm
Industrial services companies	348,600	24,300
Construction companies	-	49,000
Agriculture companies	49,758	49,104
Trading companies	11,947	-
	<b>410,305</b>	<b>122,404</b>

## Bank of China Ltd., Vientiane Branch

NOTE TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2017

### 14. LOANS TO CUSTOMERS, NET OF PROVISION FOR NON-PERFORMING LOANS (continued)

#### 14.2 Provision for credit losses

Movement of provision for credit losses of the Branch during the year ended 31 December 2017 is as follows:

	<i>General provision LAKm</i>	<i>Total LAKm</i>
<b>As at 1 January 2017</b>	<b>1,224</b>	<b>1,224</b>
Provision charged to expense in the year	3,640	3,640
Reversal of provision in the year	(768)	(768)
Foreign currency differences	7	7
<b>As at 31 December 2017</b>	<b>4,103</b>	<b>4,103</b>

The breakdown of loan classification and provision as required by the BOL as at 31 December 2017 are as follows:

<i>Classification</i>	<i>Loan balance LAKm</i>	<i>General provision LAKm</i>	<i>Total provision LAKm</i>
Current	410,305	4,103	4,103
Special Mention	-	-	-
Sub-standard	-	-	-
Doubtful	-	-	-
Loss	-	-	-
<b>Total</b>	<b>410,305</b>	<b>4,103</b>	<b>4,103</b>

## Bank of China Ltd., Vientiane Branch

NOTE TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2017

### 15. FIXED ASSETS

#### 15.1 Tangible fixed assets

Movements of tangible fixed assets during the year 2017 are as follows:

	<i>Building improvements LAKm</i>	<i>Furniture &amp; fixtures LAKm</i>	<i>Computer equipment LAKm</i>	<i>Motor vehicles LAKm</i>	<i>Total LAKm</i>
<b>Cost:</b>					
As at 1 January 2017	7,448	2,742	4,206	1,176	15,572
Additions	-	-	553	431	984
As at 31 December 2017	7,448	2,742	4,759	1,607	16,556
<b>Accumulated depreciation:</b>					
As at 1 January 2017	2,608	931	1,881	344	5,764
Charge for the year	1,490	533	1,108	196	3,327
As at 31 December 2017	4,098	1,464	2,989	540	9,091
<b>Net book value:</b>					
As at 1 January 2017	4,840	1,811	2,325	832	9,808
As at 31 December 2017	3,350	1,278	1,770	1,067	7,465

#### 15.2 Intangible fixed assets

Movements of intangible fixed assets during the year 2017 are as follows:

	<i>Start-up cost LAKm</i>	<i>Total LAKm</i>
<b>Cost:</b>		
As at 1 January 2017	2,129	2,129
Additions	-	-
As at 31 December 2017	2,129	2,129
<b>Accumulated amortisation:</b>		
As at 1 January 2017	1,881	1,881
Charge for the year	248	248
As at 31 December 2017	2,129	2,129
<b>Net book value:</b>		
As at 1 January 2017	248	248
As at 31 December 2017	-	-

## Bank of China Ltd., Vientiane Branch

NOTE TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2017

### 16. ACCRUED INTERESTS RECEIVABLE

	<u>31 December 2017</u> LAKm	<u>31 December 2016</u> LAKm
<b>Accrued interest income from:</b>		
Deposits at other banks	365	65
Loans to customers	1,297	340
Held-to-maturity securities	5,897	4,547
Term deposits at other banks	195	79
	<u>7,754</u>	<u>5,031</u>

### 17. OTHER ASSETS

	<u>31 December 2017</u> LAKm	<u>31 December 2016</u> LAKm
Prepaid expenses	15,579	17,619
	<u>15,579</u>	<u>17,619</u>

### 18. DUE TO OTHER BANKS

#### 18.1 Demand deposits and term deposits

	<u>31 December 2017</u> LAKm	<u>31 December 2016</u> LAKm
<b>Demand deposits from domestic bank</b>		
ANZ Bank (Laos) Limited	52,913	81,900
Banque Pour Le Commerce Extérieur Lao Public	6,527	-
Lao China Bank Limited	13,387	-
<b>Term deposits from domestic bank</b>		
ANZ Bank (Laos) Limited	66,344	41,097
<b>Other payable to other financial institution</b>	559	-
	<u>139,730</u>	<u>122,997</u>

Term deposits from ANZ Bank (Laos) Limited have term of 3 months and bears interest at rate of 1.47% – 1.58% per annum.

#### 18.2 Borrowed funds

	<u>31 December 2017</u> LAKm	<u>31 December 2016</u> LAKm
<b>Borrowing from foreign bank</b>		
Bank of China, Head Office	-	409,200
	<u>-</u>	<u>409,200</u>

## Bank of China Ltd., Vientiane Branch

NOTE TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2017

### 19. DUE TO CUSTOMERS

	<i>31 December 2017</i> <i>LAKm</i>	<i>31 December 2016</i> <i>LAKm</i>
<b>Demand deposits</b>	<b>1,718,143</b>	<b>293,628</b>
- in LAK	143,731	5,745
- in foreign currencies	1,574,412	287,883
<b>Saving deposits</b>	<b>113,692</b>	<b>32,665</b>
- in LAK	11,924	3,040
- in foreign currencies	101,768	29,625
<b>Term deposits</b>	<b>146,277</b>	<b>98,951</b>
- in LAK	2,663	2,659
- in foreign currencies	143,614	96,292
	<b><u>1,978,112</u></b>	<b><u>425,244</u></b>

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

	<i>2017</i> <i>Interest rate</i>	<i>2016</i> <i>Interest rate</i>
Demand deposits in LAK	No interest	No interest
Demand deposits in foreign currencies	No interest	No interest
Saving deposits in LAK	1.00%	1.00%
Saving deposits in USD	1.25%	1.25%
Saving deposits in THB	0.50%	0.50%
Term deposits in LAK	3.00% - 6.50%	3.00% - 6.50%
Term deposits in USD	2.00% - 6.25%	2.00% - 6.25%
Term deposits in THB	0.75% - 4.50%	0.75% - 4.50%

### 20. ACCRUED INTEREST PAYABLES

	<i>31 December 2017</i> <i>LAKm</i>	<i>31 December 2016</i> <i>LAKm</i>
<b>Interest payable to:</b>		
Other banks	73	74
Customers	2,080	256
Placements from overseas branches	-	2,031
	<b><u>2,153</u></b>	<b><u>2,361</u></b>

## Bank of China Ltd., Vientiane Branch

NOTE TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2017

### 21. OTHER LIABILITIES

	31 December 2017 LAKm	31 December 2016 LAKm
Payable to Bank of China, Head Office	812	8
Payable to employee	6,686	3,962
Others	490	316
	<u>7,988</u>	<u>4,286</u>

### 22. TAXATION

#### *Profit Tax ("PT")*

Provision is made for taxation on the current year's profits, based on the Tax Law governing taxation within Lao PDR. The Branch is obliged to pay tax at the rate of 24% of total profit before tax for the year ended 31 December 2017 in accordance with the new Tax Law No.70/NA dated 15 December 2015 which is effective on or after 24 May 2016.

	2017 LAKm	2016 LAKm
Profit before tax	46,509	4,512
Non-deductible expenses	1,726	-
Tax reconciling item arising from difference between accounting practice and Tax Law	224	169
Tax loss carried forward	(8,679)	(4,681)
<b>Taxable income</b>	<u>39,780</u>	<u>-</u>
<b>Current PT expense, at the statutory rate of 24%</b>	<u>9,547</u>	<u>-</u>
PT paid during the year	(6,482)	-
<b>PT payable at the end of the year</b>	<u>3,065</u>	<u>-</u>

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

#### *Tax loss carried forward*

In accordance with the amended Tax Law No.70/NA dated 15 December 2015, article 40, annual losses which are certified by the audit authority or an independent audit firm and acknowledged by the tax authorities, are eligible to carry forward such losses to offset their profit tax of the following year for a period of three years. Once this period expires, any remaining losses are no longer allowed to deduct from the profit. The detailed tax losses carried forward as at 31 December 2017 were as follows:

Year	<i>Additional losses incurred for the year LAKm</i>	<i>Utilized up to the end of the year LAKm</i>	<i>Amount unused but is not eligible for next year's use LAKm</i>	<i>Eligible unused tax loss at the end of the year LAKm</i>
2015	13,360	-	-	13,360
2016	-	(4,681)	-	(8,679)
2017	-	(8,679)	-	-

## Bank of China Ltd., Vientiane Branch

NOTE TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2017

### 23. PAID-UP CAPITAL

	<i>2017</i> <i>LAKm</i>	<i>2016</i> <i>LAKm</i>
Opening balance	405,100	405,100
Changed during the year	-	-
<b>Closing balance</b>	<b>405,100</b>	<b>405,100</b>

### 24. CASH AND CASH EQUIVALENTS

	<i>31 December 2017</i> <i>LAKm</i>	<i>31 December 2016</i> <i>LAKm</i>
Cash on hand	21,142	10,660
Current accounts with the BOL	199,680	345,212
Current accounts with other banks	308,050	164,973
Term deposit with other banks	560,680	245,520
	<b>1,089,552</b>	<b>766,365</b>

### 25. 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.

## Bank of China Ltd., Vientiane Branch

NOTE TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2017

### 25. RELATED PARTY TRANSACTIONS (continued)

Significant balances with related parties are as follows:

<i>Related party</i>	<i>Relationship</i>	<i>Transactions</i>	<i>31 December</i>	<i>31 December</i>
			<i>2017</i>	<i>2016</i>
			<i>Receivable/ (Payable)</i>	<i>Receivable/ (Payable)</i>
			<i>LAKm</i>	<i>LAKm</i>
Bank of China, Head Office	Parent bank	Demand deposit	58,201	17,430
		Borrowing	-	(409,200)
		Other payable	(812)	(8)
		Term deposit	331,720	245,520
		Accrued interest	195	-
Bank of China Limited, Shanghai RMB Trading Unit	Affiliate	Demand deposit	8,779	53,736
		Term deposit	228,960	-
		Accrued interest	365	-
Bank of China (Hongkong) Limited	Affiliate	Demand deposit	1,972	238
Bank of China (Thai) Public Company Limited	Affiliate	Demand deposit	7,360	14,689
Bank of China, New York Branch	Affiliate	Demand deposit	229,533	78,521
Bank of China Shanghai Branch	Affiliate	Demand deposit	64	-

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

	<i>2017</i>	<i>2016</i>
	<i>LAKm</i>	<i>LAKm</i>
Interest income from deposits at Bank of China, Head Office	7,126	1,087
Interest expense for the borrowing from Bank of China, Head Office	-	(2,031)
Expense for using banking system with Head Office	(282)	(214)

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

Remuneration to Management is as follows:

	<i>2017</i>	<i>2016</i>
	<i>LAKm</i>	<i>LAKm</i>
Salaries and bonus	2,802	2,512
	<b>2,802</b>	<b>2,512</b>



# Bank of China Ltd., Vientiane Branch

NOTE TO THE FINANCIAL STATEMENTS (continued)  
as at and for the year then ended 31 December 2017

## 26. EVENTS AFTER THE BALANCE SHEET DATE

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

Prepared by:

Reviewed by:

\_\_\_\_\_  
Mr. Li Zhiwei  
Financial Management and  
Operation Service Unit Manager

\_\_\_\_\_  
Mr. Li Zhiyong  
General Manager



Vientiane, Lao PDR

30 March 2018

