

Phongsavanh Bank Limited.



Annual Report , Year 2018.

(Audited)

Phongsavanh Bank Limited

Special Purpose Financial Statements

31 December 2018*



Phongsavanh Bank Limited

GENERAL INFORMATION

THE BANK

Phongsavanh Bank Limited ("the Bank") is a 100% privately owned bank which is incorporated and registered in the Lao People's Democratic Republic. The Bank was established in accordance with the Banking Business License No. 04/BOL granted by Bank of the Lao PDR ("the BOL") which is effective from 2 February 2007.

The principal activities of the Bank are to provide services on mobilizing and receiving short, medium and long term deposit funds from various organizations and individuals; lending on a short, medium and long term basis to various organizations and individuals up to the nature and ability of the Bank's capital resources; conducting foreign currency transactions; international trade finance services; discounting of commercial notes, bonds and valuable papers; providing transaction services between customers; and other banking services as approved by Bank of the Lao PDR.

The initial charter capital of the Bank was LAK 97,100,000,000. The actual charter capital as at 31 December 2018 is LAK 227,364,971,963 (31 December 2017: LAK 139,392,387,963).

The Head Office of the Bank is located at Kaisone Phommavanh Road, Ban Phakhao, Xaythany District, Vientiane, Lao PDR. As at 31 December 2018, the Bank has one (1) Head Office, four (4) main branches, one (1) service center, fifteen (15) service units, eighteen (18) small service units all over Lao PDR, and one (1) representative office in Thailand.

BOARD OF DIRECTORS

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

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mr. Bounthanh Vongsoury	Chairman	Appoint on 18 January 2019
Mrs. Daly Pholsena	Chairman	Resigned on 18 January 2019
Mrs. Sengdao Bubphakonekham	Vice Chairman	Appoint on 18 January 2019
Mr. Sivilay Phommachak	Vice Chairman	Appoint on 18 January 2019
Mr. Thongsay Inthisan	Vice Chairman	Resigned on 18 January 2019
Mr. Phaiboun Phongsavanh	Member	Appoint on 18 January 2019
Mr. Andrew Ong	Member	Appoint on 18 January 2019
Mr. Ho Ming Heng	Member	Appoint on 18 January 2019
Mr. Saynavinh Desakhamphou	Member	Appoint on 18 January 2019
Mr. Raj Juta	Member	Appoint on 18 January 2019
Mr. Treerat Sirirat	Member	Appoint on 18 January 2019
Mr. Chainarong Wongpaiboon	Member	Resigned on 18 January 2019
Mr. Chanpheng Luangsuvannavong	Member	Resigned on 18 January 2019

MANAGEMENT

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

<i>Name</i>	<i>Position</i>	<i>Date of appointment/resignation</i>
Mr. Phaiboun Phongsavanh	Managing Director	Appointed on 18 January 2019
Mr. Bounthanh Vongsoury	Managing Director	Resigned on 18 January 2019
Mr. Southideth Nalyvan	Deputy Managing Director	Appointed on 04 September 2012
Mr. Chanhpheng Luangsuvannavong	Deputy Managing Director	Appointed on 10 June 2016
Ms. Julaluck Khamphim	Acting Deputy Managing Director	Appointed on 20 Jan 2015
Mr. Saynavinh Desakhamphou	Acting Deputy Managing Director	Appointed on 29 May 2015
Mr. Sengkham Phanthavong	Acting Deputy Managing Director	Appointed on 29 May 2015
Ms. Dalavanh Srithirath	Acting Deputy Managing Director	Appointed on 05 January 2018
Ms. Manola Luangkhot	Acting Deputy Managing Director	Appointed on 06 February 2018

Phongsavanh Bank Limited

GENERAL INFORMATION (continued)

LEGAL REPRESENTATIVE

The legal representative of the Bank from 1 January 2018 to 18 January 2019 is Mr. Bounthanh Vongsoury – Managing Director. The legal representative of the Bank from 18 January 2019 to the date of this report is Mr. Phaiboun Phongsavanh – Managing Director.

AUDITORS

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

Phongsavanh Bank Limited

INCOME STATEMENT for the year ended 31 December 2018

	Notes	2018 LAKm	2017 LAKm
Interest income calculated using the effective interest method	7	147,694	226,541
Interest expense calculated using the effective interest method	8	(144,323)	(136,022)
Net interest income		3,371	90,519
Fee and commission income	9	25,892	26,126
Fee and commission expenses	9	(6,958)	(7,686)
Net fee and commission income		18,934	18,440
Net trading income	10	10,083	9,526
Other operating income	11	335,296	11,174
Total operating income		367,684	129,659
(Additional)/reversal of provision for impairment losses	17	(212,898)	1,917
NET OPERATING INCOME		154,786	131,576
Personnel expenses	12	(68,055)	(63,292)
Depreciation and amortization expenses	20,21	(22,483)	(24,707)
Other operating expenses	13	(38,169)	(38,114)
TOTAL OPERATING EXPENSES		(128,707)	(126,113)
PROFIT BEFORE TAX		26,079	5,463
Current Profit Tax expense	25	(6,480)	(1,285)
PROFIT FOR THE YEAR		19,599	4,178

Prepared by:



Mrs. KongKeo Khamtone
Chief Financial Officer



Approved by:



For Mr. Phaiboun Phongsavanh
Managing Director

Vientiane, Lao PDR.

17 September 2019

Phongsavanh Bank Limited

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2018

	Notes	2018 LAKm	2017 LAKm
PROFIT FOR THE YEAR		19,599	4,178
OTHER COMPREHENSIVE INCOME			
Revaluation of intangible assets		268,627	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		268,627	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		288,226	4,178

Prepared by:



Mrs. KongKeo Khamtone
Chief Financial Officer

Approved by:



Mr. Phaiboun Phongsavanh
Managing Director

Vientiane, Lao PDR.

17 September 2019

Phongsavanh Bank Limited

STATEMENT OF FINANCIAL POSITION as at 31 December 2018

	Notes	31 December 2018 LAKm	31 December 2017 LAKm
ASSETS			
Cash and balances with Bank of the Lao PDR	14	481,980	526,287
Due from banks	15	170,210	128,720
Loans to customers	16	2,059,928	2,336,471
Financial investments – Available-for-sale	18	34,210	29,593
Financial investments – Held-to-maturity	19	42,132	32,740
Property and equipment	20	127,507	135,043
Intangible assets	21	410,722	48,103
Other assets	23	460,482	115,933
TOTAL ASSETS		3,787,171	3,352,890
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	23	128,813	157,312
Due to customers	24	3,227,291	3,150,848
Statutory obligation	25.1	2,631	1,354
Derivative liabilities		33	168
Other liabilities	26	25,700	16,704
TOTAL LIABILITIES		3,384,468	3,326,386
OWNERS' EQUITY			
Paid-up capital	27	227,365	139,392
Revaluation Reserves		268,627	-
Accumulated losses		(93,289)	(112,888)
TOTAL OWNERS' EQUITY		402,703	26,504
TOTAL LIABILITIES AND OWNERS' EQUITY		3,787,171	3,352,890

Prepared by:



Mrs. KongKeo Khamtone
Chief Financial Officer

Approved by:



for Mr. Phaiboun Phongsavanh
Managing Director

Vientiane, Lao PDR.

17 September 2019

Phongsavanh Bank Limited

STATEMENT OF CHANGE IN EQUITY for the year ended 31 December 2018

	Paid-up capital LAKm	Revaluation reserves LAKm	Accumulated losses LAKm	Total LAKm
Balances as at 31 December 2016	122,786	-	(117,066)	5,720
Net profit for the year	-	-	4,178	4,178
Capital injection during the year	16,606	-	-	16,606
Balances as at 31 December 2017	139,392	-	(112,888)	26,504
Net profit for the year	-	-	19,599	19,599
Capital contribution in-kind during the year	87,973	-	-	87,973
Revaluation of intangible assets	-	268,627	-	268,627
Balances as at 31 December 2018	227,365	268,627	(93,289)	402,703

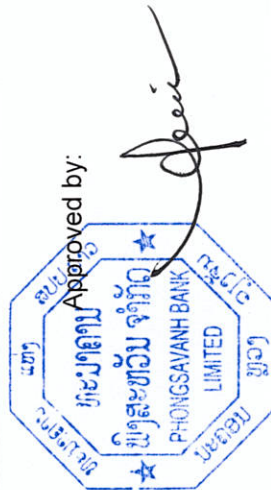
Prepared by:

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Mrs. Kongkeo Khamtone
Chief Financial Officer

Vientiane, Lao PDR.

17 September 2019



For Mr. Phaiboun Phongsavanh
Managing Director

Phongsavanh Bank Limited

STATEMENT OF CASH FLOWS for the year ended 31 December 2018

	Notes	2018 LAKm	2017 LAKm
OPERATING ACTIVITIES			
Net profit before tax		26,079	5,463
<i>Adjustments for:</i>			
Depreciation and amortization charges	20,21	22,483	24,707
Credit loss expenses		212,898	(1,917)
Interest income		(147,694)	(226,541)
Interest expense		144,323	136,022
<i>Change in operating assets</i>			
Due from other banks		8,145	(5,300)
Loans and advances to customers		63,110	(231,265)
Bad debt selling		-	-
Other assets		(270,823)	46,723
<i>Change in operating liabilities</i>			
Due to other banks		(28,500)	(101,143)
Due to customers		76,443	357,224
Other liabilities		(2,622)	2,740
Profit Tax paid during the year	25.2	(230)	(2,946)
Interest received		173,549	179,512
Interest paid		(137,817)	(135,649)
Net cash flows from operating activities		139,344	47,630
INVESTING ACTIVITIES			
Payments to purchase fixed asset		(109,762)	(28,174)
Payment for investment in securities		(75,254)	(29,000)
Securities matured and paid back		51,000	26,000
Net cash flows used in investing activities		(134,016)	(31,174)
FINANCING ACTIVITIES			
Capital contribution		-	16,606
Net cash flows from financing activities		-	16,606
Net increase in cash and cash equivalents		5,328	33,062
Cash and cash equivalents at the beginning of the year		503,529	470,467
Cash and cash equivalents at the end of the year	29	508,857	503,529

Prepared by:



Mrs. KongKeo Khamtone
Chief Financial Officer

Approved by:



For Mr. Phaiboun Phongsavanh
Managing Director

Vientiane, Lao PDR.

17 September 2019

Phongsavanh Bank Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2018

38. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST LAK AT YEAR END

	31 December 2018 LAK	31 December 2017 LAK
USD	8,537.00	8,288.00
THB	266.63	254.71
GBP	10,426.00	10,771.00
CHF	8,109.00	7,946.00
JPY	74.15	70.64
HKD	991.00	964.00
AUD	5,717.00	6,182.00
CNY	1,224.00	1,253.00
MYR	1,863.00	1,845.00
SGD	5,614.00	5,614.00
CAD	5,837.00	6,164.00
KRW	6.35	6.47
EUR	9,541.00	9,678.00
VND	0.37	0.36

Prepared by:



Mrs. KongKeo Khamtone
Chief Financial Officer



Approved by:



For Mr. Phaiboun Phongsavanh
Managing Director

Vientiane, Lao PDR.

17 September 2019