

Canadia Bank Lao Limited

Financial Statements

For the year ended 31 December 2023

Canadia Bank Lao Limited

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Canadia Bank Lao Limited

GENERAL INFORMATION

THE BANK

Canadia Bank Lao Limited (the “Bank”), a subsidiary of Canadia Bank Plc, was established in Lao People’s Democratic Republic (“Lao PDR”). The Bank operates under Banking License No. 28/BOL granted by Bank of the Lao PDR (“the BOL”) on 14 August 2015.

The initial registered capital of the Bank is LAK 300,000,000,000. The actual paid-up capital as at 31 December 2023 is LAK 472,710,000,000 (31 December 2022: LAK 472,710,000,000).

The principal activities of the Bank are to provide comprehensive banking and related financial services.

The Bank is located at Pangkham Road, Xiengyeun Village, Chathabouly District, Vientiane Capital, Lao PDR.

BOARD OF DIRECTORS

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

<i>Name</i>	<i>Title</i>	<i>Date of appointment</i>
Dr. Pung Kheav Se	Chairman	Appointed on 21 March 2014
Mr. Charles Chuon Vann	Vice chairman	Appointed on 21 March 2014
Mr. Lee Hong	Independent Director	Appointed on 1 September 2015
Mr. Xaythong Phomphithack	Independent Director	Appointed on 27 July 2021
Mr. Ou Sophanarith	Member	Appointed on 21 March 2014
Ms. Song Khenglay	Member	Appointed on 21 March 2014

MANAGEMENT

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

<i>Name</i>	<i>Title</i>	<i>Date of appointment</i>
Mr. Buth Ang	Chief Executive Officer	Appointed on 6 June 2015
Mr. Im Sovanrith	Chief Financial Officer	Appointed on 1 January 2020

LEGAL REPRESENTATIVE

The legal representative of the Bank during the the year and at the date of this report is Mr. Buth Ang – Chief Executive Officer.

AUDITORS

The auditor of the Bank is Ernst & Young Lao Co., Ltd.

Canada Bank Lao Limited

REPORT OF MANAGEMENT

Management of Canada Bank Lao Ltd ("the Bank") is pleased to present its report and the Bank's financial statements as at and for the year ended 31 December 2023.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management is responsible for the preparation of the financial statements of each financial year in accordance with the Accounting Law of the Lao PDR and the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements. 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 Bank 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 Bank and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the Accounting Law of the Lao PDR and the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements.



and on behalf of management

Mr. Buth Ang
Chief Executive Officer

Vientiane, Lao PDR

29 March 2024

Reference: 12833639/67973586-LAS

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of Canadia Bank Lao Limited

Opinion

We have audited the financial statements of Canadia Bank Lao Limited ("the Bank"), which comprise the statement of financial position as at 31 December 2023, the income statement, statement of changes in equity and statement of cash flows 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 Bank are prepared, in all material respects, in accordance with the Accounting Law of the Lao PDR and the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and 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 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 Matters

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

Our opinion is not modified in respect of this matters.

Responsibilities of the Bank's Management for the Financial Statements

The Bank's management is responsible for the preparation of the financial statements 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, 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 Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

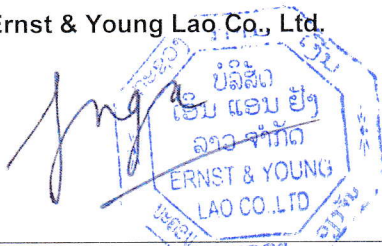
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young Lao Co., Ltd.



Nga Phuong Nguyen
Partner
Audit Practising Registration
Certificate No. 013/LCPAA-APT-2019

Vientiane, Lao PDR

29 March 2024

Canada Bank Lao Limited

INCOME STATEMENT for the year ended 31 December 2023

Code	ITEMS	Notes	2023 LAKm	2022 LAKm
A.	OPERATING INCOME AND EXPENSES			
1.	Interest and similar income	3	62,773	17,805
2.	Interest and similar expense	3	(986)	(880)
I.	NET INTEREST AND SIMILAR INCOME		61,787	16,925
3	Fee and commission income	4	1,847	735
4	Fee and commission expense	4	(634)	(529)
5	Net gain/(loss) from dealing in foreign currencies	5	28,406	(10,560)
II.	NET OPERATING INCOME		91,406	6,571
B	OTHER INCOME AND EXPENSES			
6	Other operating income	6	8,180	26,464
7	Administration expenses		(20,565)	(14,930)
7.1	Payroll and other staff costs	7	(16,593)	(11,464)
7.2	Other administration expenses	8	(3,972)	(3,466)
8	Depreciation and amortization charges		(2,078)	(1,829)
9	Other operating expenses	9	(110)	(314)
10	Provision reversed/(charged) for non-performing loans	14.2	12,202	(19,273)
III.	TOTAL PROFIT/(LOSS) BEFORE TAX		89,035	(3,311)
11	Current profit tax	22.2	-	(1,210)
12	Deferred tax (expense)/income	22.3	(17,733)	27,348
IV.	NET PROFIT AFTER TAX		71,302	22,827

Prepared by:



Mr. Im Sovanrith
Chief Financial Officer

Reviewed by:



Mr. Buth Ang
Chief Executive Officer

Vientiane, Lao PDR

29 March 2024

Canadia Bank Lao Limited

STATEMENT OF FINANCIAL POSITION as at 31 December 2023

<i>Code</i>	<i>ASSETS</i>	<i>Notes</i>	<i>31/12/2023 LAKm</i>	<i>31/12/2022 LAKm</i>
I	Cash and balances with the BOL		234,829	312,081
1	Cash on hand	10	11,714	17,992
2	Balances with the BOL	11	223,115	294,089
II	Due from other banks		325,313	150,245
1	Demand deposits	12.1	188,381	40,967
2	Term deposits	12.2	136,932	109,278
III	Investment securities		23,058	23,058
1	Available-for-sale securities	13	23,058	23,058
IV	Loans to customers, net of specific provision	14	194,643	157,106
V	Property, equipment and right-of-use assets		37,649	4,337
1	Construction in progress	15.1	34,000	-
2	Intangible asset	15.2	-	-
3	Tangible fixed assets	15.3	1,589	1,837
4	Right of used assets	15.4	2,060	2,500
VI	Other assets		34,715	51,864
1	Accrued interest receivable	16	2,341	1,564
2	Tax recoverable	22.1	8,123	8,123
3	Deferred tax assets	22.3	9,615	27,348
4	Other assets	17	14,636	14,829
	TOTAL ASSETS		850,207	698,691

Canadia Bank Lao Limited

STATEMENT OF FINANCIAL POSITION (continued) as at 31 December 2023

<i>Code</i>	<i>LIABILITIES AND CAPITAL</i>	<i>Notes</i>	<i>31/12/2023 LAKm</i>	<i>31/12/2022 LAKm</i>
I	Due to other banks	18	316,377	260,544
1	Demand deposits		316,377	260,544
II	Due to the BOL	19	950	1,350
2	Borrowing from the BOL		950	1,350
III	Due to customers	20	62,505	39,263
1	Demand deposits		18,527	11,133
2	Saving deposits		30,058	14,887
3	Fixed term deposits		13,920	13,243
IV	Other liabilities		6,948	5,597
1	Accrued interests payable		519	179
2	Lease Liabilities	15.4	1,557	1,638
3	Other payables	21	4,872	3,780
	TOTAL LIABILITIES		386,780	306,754
V	Capital and reserves			
1	Paid-up capital	23	472,710	472,710
2	Regulatory reserve		3,695	3,695
3	General provision	14.2	973	785
4	Retained earnings		(13,951)	(85,253)
	TOTAL CAPITAL		463,427	391,937
	TOTAL LIABILITES AND CAPITAL		850,207	698,691

Canada Bank Lao Limited

STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2023

Code	OFF BALANCE SHEET ITEMS	Note	31/12/2023 LAKm	31/12/2022 LAKm
I	Collaterals and Mortgages			
A	Collaterals and Mortgages for loans			
1	Collaterals and Mortgages for loans to customers		1,259,481	963,601
	TOTAL COLLATERALS AND MORTGAGES		1,259,481	963,601

Prepared by:



Mr. Im Sovanrith
Chief Financial Officer

Reviewed by:



Mr. Buth Ang
Chief Executive Officer

Vientiane, Lao PDR

29 March 2024

Canadia Bank Lao Limited

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2023

	Paid-up capital LAKm	Regulatory reserve LAKm	General provision LAKm	Retained earnings LAKm	Total LAKm
Balance as at 01/01/2022	300,000	3,695	425	(108,080)	196,040
Net profit for the year	-	-	-	22,827	22,827
Capital contribution	172,710	-	-	-	172,710
Net provision for current loans during the year	-	-	314	-	314
Foreign exchange difference	-	-	46	-	46
Balance as at 31/12/2022	472,710	3,695	785	(85,253)	391,937
Net profit for the year	-	-	-	71,302	71,302
Net provision for current loans during the year	-	-	114	-	114
Foreign exchange difference	-	-	74	-	74
Balance as at 31/12/2023	472,710	3,695	973	(13,951)	463,427

Prepared by:

[Signature]

Mr. Im Sovanrith
Chief Financial Officer

Vientiane, Lao PDR

29 March 2024

Reviewed by:



Mr. Buth Ang
Chief Executive Officer

Canada Bank Lao Limited

STATEMENT OF CASH FLOWS for the year ended 31 December 2023

ITEMS	Notes	2023 LAKm	2022 LAKm
OPERATING ACTIVITIES			
Net profit/(loss) before tax		89,035	(3,311)
<i>Adjustments for:</i>			
Depreciation and amortization charges		2,078	1,829
Provision reversed/(charged) for credit losses	14.2	12,091	(19,587)
Bad debt written off		131	19,273
Interest income	3	(62,773)	(17,805)
Interest expense	3	986	880
Operating profit before changing in operating assets and liabilities		41,548	(18,721)
(Increase)/decrease in operating assets			
Balances with other banks		51,894	(186,613)
Loans and advances to customers		(49,759)	(71,753)
Other assets		(795)	(7,338)
Increase/(decrease) in operating liabilities			
Due to other banks		55,833	179,498
Due to customers		23,242	25,207
Other liabilities		902	3,172
Profit tax paid during the year	22.2	-	-
Interest received		61,998	17,391
Interest paid		(644)	(975)
Net cash flows from operating activities		184,219	(60,132)
INVESTING ACTIVITIES			
Payment to Construction in progress		(34,000)	-
Payments to acquire property and equipment		(402)	(71)
Proceeds from disposals of fixed assets		294	2
Net cash flows used in investing activities		(34,108)	(69)
FINANCING ACTIVITIES			
Repayment of borrowing		(400)	-
Capital contribution		-	172,710
Net cash flows (used in)/from financing activities		(400)	172,710
Net change in cash for the year		149,711	112,509
Cash and cash equivalents at the beginning of year		178,137	65,628
Cash and cash equivalents at the end of year	24	327,848	178,137

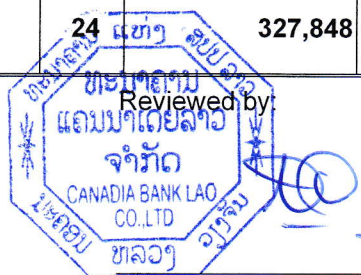
Prepared by:



Mr. Im Sovanrith
Chief Financial Officer

Vientiane, Lao PDR
29 March 2024

Reviewed by:



Mr. Buth Ang
Chief Executive Officer

Canadia Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS as at and for the year then ended 31 December 2023

1. CORPORATE INFORMATION

Establishment and operations

Canadia Bank Lao Limited (the “Bank”), a subsidiary of Canadia Bank Plc, was established in Lao People’s Democratic Republic (“Lao PDR”). The Bank operates under Banking License No. 28/BOL granted by Bank of the Lao PDR (“the BOL”) on 14 August 2015.

The principal activities of the Bank are to provide comprehensive banking and related financial services.

Paid-up capital

The initial registered capital of the Bank is LAK 300,000,000,000. The actual paid-up capital as at 31 December 2023 is LAK 472,710,000,000 (31 December 2022: LAK 472,710,000,000)

Board of Directors

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

<i><u>Name</u></i>	<i><u>Title</u></i>	<i><u>Date of appointment</u></i>
Dr. Pung Kheav Se	Chairman	Appointed on 21 March 2014
Mr. Charles Chuon Vann	Vice chairman	Appointed on 21 March 2014
Mr. Lee Hong	Independent Director	Appointed on 1 September 2015
Mr. Xaythong Phomphithack	Independent Director	Appointed on 27 July 2021
Mr. Ou Sophanarith	Member	Appointed on 21 March 2014
Ms. Song Khenglay	Member	Appointed on 21 March 2014

Management

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

<i><u>Name</u></i>	<i><u>Title</u></i>	<i><u>Date of appointment</u></i>
Mr. Buth Ang	Chief Executive Officer	Appointed on 6 June 2015
Mr. Im Sovanrith	Chief Financial Officer	Appointed on 1 January 2020

Location

The Bank is located at Pangkham Road, Xiengyeun Village, Chathabouly District, Vientiane Capital, Lao PDR.

Employees

Total employees of the Bank as at 31 December 2023 were 74 people (31 December 2022: 72 people).

Canadia Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. *Statement of compliance*

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

2.2. *Basis of preparation*

The Bank prepared its financial statements in millions of Lao Kip ("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 the preparation and presentation of the financial statements ("LAS").

The accompanying financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Lao PDR. Accordingly, the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows 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 Bank and the results of its operations and its cash flows in accordance with accounting principles and practices generally accepted in countries other than Lao PDR.

Fiscal year

The Bank's fiscal years applicable for the preparation of its financial statements start on 1 January and end on 31 December.

2.3. *Changes in accounting policies*

The accounting policies adopted by the Bank in preparation of these financial statements are consistent with those used in preparation of the Bank's financial statements for the year ended 31 December 2022.

2.4. *Recognition of interest income and expenses*

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

The recognition of accrued interest income is suspended when the loans becoming non-performing (See *Note 2.9* 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 upon actually received.

Canadia Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5. *Recognition of fee and commission*

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

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

2.7. *Available-for-sale securities*

Available-for-sale equity securities are initially recognized at cost at the purchase date and continuously presented at cost in subsequent periods. Periodically, provision for impairment of available-for-sale securities is recorded when their book values are higher than their market value. In case the market values of the securities cannot be determined, no provision is made. Provision for impairment is recognized in the income statement as "Net gain/(loss) from available-for-sale securities".

Periodically, the available-for-sale securities are subject to review for impairment. Provision for impairment of these securities is made when there has been a significant decline in the market value below their cost. The Bank treats 'significant' generally as 20% or greater than six months. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current market value, less any impairment provision on that investment previously recognised in the income statement, is removed from equity and recognised in impairment provision on financial investments in the income statement as "Net gain/(loss) from securities investment". When the investment is disposed of, the cumulative loss previously recognised in equity is recognised as "Net gain/(loss) from securities investment" in the income statement.

2.8. *Loans to customers*

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

2.9. *Classification of and provision for credit activities*

Loan classification

In accordance with Regulation 512/BOL ("BOL512") dated 29 June 2018 and Official Letter No. 898/CBSD ("OL898") dated 14 November 2018, the Bank has classified loans into 5 groups based on the payment arrears status and other qualitative factors. Loans classified as either Normal or Pass (Group A) or Watch or Special Mention (Group B) are considered as Performing loans. Loans classified as either Substandard (Group C) or Doubtful (Group D) or Loss (Group E) are considered as Non-performing loans ("NPLs").

The Bank also applies the Regulation 238/BOL dated 26 March 2020 and Guidance 249/BOL dated 11 May 2020 and the extension Notice 254/CBSD dated 5 May 2021 by the BOL on loan restructuring, extension and retention of loan classification group to assist the borrowers affected by Covid-19 pandemic. Accordingly, the Bank has restructured the loans qualified and retained their classification groups as before 01 January 2020.

Canadia Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Provision

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

Group	Provision rate	Provision type (i)	Accounting for provision balance (ii)	Accounting for changes in provision balance (iii)
<i>Performing loans</i>				
A	0.5%	General	In equity	Other operating expense
B	3.0%	Specific	Deducted to loan balance	Other operating expense
<i>NPLs</i>				
C	20.0%	Specific	Deducted to loan balance	Net provision for NPLs
D	50.0%	Specific	Deducted to loan balance	Net provision for NPLs
E	100.0%	Specific	Deducted to loan balance	Net provision for NPLs

- (i) Provision amount is calculated by the following formulas:

General provision = Provision rate x Loan outstanding balance

- (ii) The balance of provision for *loans classified into Group A* is recorded in the balance sheet in “General provision” under capital and reserves of the Bank.

Accumulated balance of provision for *loans classified into Group B and NPL* is recorded in the balance sheet in “Loans to customers, net of specific provision”.

- (iii) Changes in provision for *performing loans* are recorded to the income statement as “Other operating expenses” for provision expense and “Other operating income” for reversal of provision expense.

Changes in provision for *NPLs* are recorded to the income statement as “Provision for non-performing loans”.

2.10. Fixed assets

Fixed asset includes tangible fixed assets and intangible fixed assets. Tangible fixed assets consist of building improvements, office equipment, furniture and fixtures, motor vehicles and IT equipment. Intangible fixed assets include software.

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

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

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

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

Canadia Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11. Leasing

Right-of-use assets

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

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

Canadia Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11. *Leasing* (continued)

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

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

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

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

The Bank as a lessee

Leases, where all the risks and benefits of ownership of the leased items are not transferred substantially to the Bank are operating leases. Operating lease payments are recognized as an expense in the profit or loss on a straight-line basis over the lease term. Contingent rental payable is recognized as an expense in the period in which they are incurred.

2.12. *Depreciation and amortization*

Depreciation and amortization of fixed assets are provided on the straight line basis at prescribed rates over their estimated useful life in accordance with the Tax Law No.67/NA dated 18 June 2019 which is effective on or after 1 January 2020 stipulated by the President of the National Assembly. The following are the annual rates used.

Tangible fixed assets:

Building & improvement	10%
Office equipment	20%
Furniture & fixtures	20%
Motor vehicles	20%
IT Equipment	20%

Intangible fixed assets:

Software	50%
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2.13. *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 154 (amended) of the Law on Enterprise dated 29 December 2022, 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 law.

Canadia Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13. Reserves (continued)

The Business expansion fund and other funds shall be created upon decision of the Board of Directors. Accordingly, the Bank has made the following reserves for the year ended 31 December 2023:

<i>Reserve</i>	<i>% of profit after tax (less accumulated losses, if any)</i>
Regulatory reserve fund	10
Business expansion fund	-

2.14. Foreign currency transactions

Transactions in original currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at year end are translated into LAK at exchange rates ruling on the statement of financial position date (see the list of exchange rates of applicable foreign currencies against LAK on 31 December 2023 as presented below). All foreign exchange differences are taken into "Net gain/(loss) from dealing in foreign currencies" in the income statement.

	<i>31/12/2023 LAKm</i>	<i>31/12/2022 LAKm</i>
United State Dollar ("USD")	20,520	17,264
Thai Baht ("THB")	635	499
Chinese Yuan ("CNY")	2,939	2,458
Euro ("EUR")	22,668	18,321
Pound ("GBP")	25,849	20,763
Australia Dollar ("AUD")	13,923	11,632

2.15. Profit tax

Current tax

The Bank is obliged to pay profit tax at rate of 20% of total profit before tax in accordance with the new Tax Law No.67/NA dated 18 June 2019 which is effective on or after 1 January 2020. Accordingly, the Bank is subject to the tax rate of 20% for the year ended 31 December 2023 (2022: 20%). The Bank'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.

Canadia Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15. Profit tax (continued)

Deferred tax

Deferred tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognized as income tax benefits or expenses in the income statement.

The Bank only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Bank's intention to settle on a net basis.

2.16. Employee benefit

Post-employment benefits

Post-employment benefits are paid to retired employees of the Bank by the Social Security Fund Department which belongs to the Ministry of Labor and Social Welfare. The Bank is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 6% of employee's basic salary on a monthly basis but shall not exceed LAK 270,000 per staff. The Bank 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 Bank 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 2023, there are no employees of the Bank who were dismissed under the above-mentioned grounds; therefore the Bank has not made a provision for termination allowance in the financial statements.

Canadia Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2023

3. NET INTEREST AND SIMILAR INCOME

	2023 LAKm	2022 LAKm
Interest and similar income from:		
Interbank transactions	4,149	2,258
Loans to customers	58,624	15,547
	62,773	17,805
Interest and similar expense for:		
Interbank transactions	(40)	(41)
Customer deposits	(946)	(839)
	(986)	(880)
Net interest and similar income	61,787	16,925

4. FEE AND COMMISSION INCOME AND EXPENSE

	2023 LAKm	2022 LAKm
Fee and commission income from:		
Credit activities	1,832	728
Other fee and commissions	15	7
	1,847	735
Fees and commission expense for:		
Commission in interbank transactions	(104)	(98)
Other fee and commissions	(530)	(431)
	(634)	(529)

5. NET GAIN/(LOSS) FROM DEALING IN FOREIGN CURRENCIES

	2023 LAKm	2022 LAKm
Gain from dealing in foreign currencies	38,190	3,579
Loss from dealing in foreign currencies	(9,784)	(14,139)
	28,406	(10,560)

6. OTHER OPERATING INCOME

	2023 LAKm	2022 LAKm
Dividend income	415	-
Income from custody services	402	250
Collection from loans previously written-off	7,297	26,137
Other operating income	66	77
	8,180	26,464

Canadia Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2023

7. PAYROLL AND OTHER STAFF COSTS

	2023 LAKm	2022 LAKm
Wages and allowances	16,161	11,054
Other employee expenses	432	410
	16,593	11,464

8. OTHER ADMINISTRATION EXPENSES

	2023 LAKm	2022 LAKm
External services	614	539
Repair and maintenance expenses	1,190	894
Publication, marketing and promotion	494	181
Office rental	144	104
Telecommunication	141	122
Training, meeting and seminar	13	2
Taxes and duties	11	161
Auditor fee	396	323
Consultant fees	82	365
Other expenses	887	775
	3,972	3,466

9. OTHER OPERATING EXPENSES

	2023 LAKm	2022 LAKm
Provision charged for performing loan (Note 14.2)	110	314
	110	314

10. CASH ON HAND

	31/12/2023 LAKm	31/12/2022 LAKm
Cash on hand in LAK	4,896	2,658
Cash on hand in foreign currencies	6,818	15,334
	11,714	17,992

Canadia Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2023

11. BALANCES WITH THE BOL

	31/12/2023 LAKm	31/12/2022 LAKm
Demand deposit	127,753	119,179
Compulsory reserve (*)	5,528	2,262
Registered capital reserve (**)	89,834	172,648
	223,115	294,089

Balances with the BOL earn no interest.

(*) Under regulations of the BOL, the Bank is required to maintain certain cash reserves with the BOL in the form of compulsory deposits, which are computed at 8.00% for LAK and 10.00% for foreign currencies, on a fortnight basis, of customer deposits having original maturities of less than 12 months (2022: 5.00% for all currency).

(**) According to Decision No. 721/BOL dated 22 September 2022, which was effective from 22 September 2022, commercial banks are required to maintain a positive balance at the BOL in the form of special deposit.

12. DUE FROM OTHER BANKS

12.1 Demand deposits

	31/12/2023 LAKm	31/12/2022 LAKm
Demand deposits at domestic banks		
Banque Pour le Commerce Exterieur Lao	186,435	40,021
Maruhan Japan Bank Laos	425	218
Indochina Bank	7	7
ACLEDA Bank Lao Ltd	200	133
Bank of China Vientiane Branch	810	164
Demand deposits at foreign banks		
Canadia Bank Plc	504	424
	188,381	40,967

Canadia Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2023

12. DUE FROM OTHER BANKS (continued)

12.2 Term deposits

	31/12/2023 LAKm	31/12/2022 LAKm
Term deposit at domestic bank		
Banque Pour le Commerce Extérieur Lao	-	28,950
Bank of China, Vientiane Branch	41,040	34,528
Maruhan Japan Bank Laos	49,820	29,800
ACLEDA Bank Lao Ltd	46,072	16,000
	136,932	109,278

Interest rates for term deposit during the year are as follows:

	2023 Interest rates % per annum	2022 Interest rates % per annum
Term deposit in LAK	1.58 – 7.00	1.58 – 5.50
Term deposit in USD	1.50 – 4.20	1.50

13. AVAILABLE-FOR-SALE SECURITIES

	31/12/2023 LAKm	31/12/2022 LAKm
Available-for-sale securities		
Equity shares	23,058	23,058
	23,058	23,058

14. LOANS TO CUSTOMERS, NET OF SPECIFIC PROVISION

	31/12/2023 LAKm	31/12/2022 LAKm
Loans to customers (Note 14.1)	354,510	309,753
Less specific provision (Note 14.2)	(159,867)	(152,647)
<i>In which:</i>		
<i>Specific provision for non-performing loans</i>	(159,867)	(152,643)
<i>Specific provision for special mention loans</i>	-	(4)
	194,643	157,106

Interest rates of loans to customers as at 31 December 2023 are as follows:

	2023 Interest rates % per annum	2022 Interest rates % per annum
Loans denominated in USD	5.50 – 13.00	8.00 – 15.00
Loans denominated in LAK	5.00 – 14.00	5.00 – 15.00
Loans denominated in THB	10.00	10.00

Canadia Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2023

14. LOANS TO CUSTOMERS, NET OF SPECIFIC PROVISION (continued)

14.1 Analysis of loans to customers

Analysis by currency

	31/12/2023 LAKm	31/12/2022 LAKm
Loans denominated in USD	209,807	184,086
Loans denominated in LAK	142,518	123,520
Loans denominated in THB	2,185	2,147
	354,510	309,753

Analysis by quality

	31/12/2023 LAKm	31/12/2022 LAKm
Normal or Pass	194,643	156,979
Watch or Special Mention	-	131
Loss	159,867	152,643
	354,510	309,753

Analysis by original term

	31/12/2023 LAKm	31/12/2022 LAKm
Short-term loans	1,813	1,662
Medium-term loans	258,217	248,281
Long-term loans	94,480	59,810
	354,510	309,753

Analysis of loan portfolio by type of industrial sectors

	31/12/2023 LAKm	31/12/2022 LAKm
Construction companies	211,569	205,009
Agricultural and forestry	771	930
Trading companies	95,573	59,737
Services companies	18,470	16,774
Other loans	28,127	27,303
	354,510	309,753

Canadia Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2023

14. LOANS TO CUSTOMERS, NET OF SPECIFIC PROVISION (continued)

14.2 Provision for credit losses

Movements of provision for credit losses of the Bank during the year ended 31 December 2023 are as follows:

	<i>Specific provision</i>		<i>General provision</i>	
	<i>NPLs</i>	<i>Special mentioned loans</i>	<i>Normal loans</i>	<i>Total</i>
	<i>LAKm</i>	<i>LAKm</i>	<i>LAKm</i>	<i>LAKm</i>
Balance as at 31/12/2022	152,643	4	785	153,432
Net provision (reversed)/charged during the year	(12,201)	(4)	114	(12,091)
Write-offs	(131)	-	-	(131)
Foreign exchange difference	19,556	-	74	19,630
Balance as at 31/12/2023	159,867	-	973	160,840

Movements of provision for credit losses of the Bank during the year ended 31 December 2022 are as follows:

	<i>Specific provision</i>		<i>General provision</i>	
	<i>for NPLs</i>	<i>for special mentioned loans</i>	<i>provision</i>	<i>Total</i>
	<i>LAKm</i>	<i>LAKm</i>	<i>LAKm</i>	<i>LAKm</i>
Balance as at 31/12/2021	115,971	4	425	116,400
Net provision charged during the year	19,273	-	314	19,587
Write-offs	(19,273)	-	-	(19,273)
Foreign exchange difference	36,672	-	46	36,718
Balance as at 31/12/2022	152,643	4	785	153,432

The breakdown of loan classification and provision as required by the BOL as at 31 December 2023 is as follows:

<i>Classification</i>	<i>Loan balance</i>	<i>Specific Provision</i>	<i>General provision</i>
	<i>LAKm</i>	<i>LAKm</i>	<i>LAKm</i>
Performing loans			
- Normal or Pass	194,643	-	973
Non-Performing loans (NPL)			
- Loss	159,867	159,867	-
Total	354,510	159,867	973

Canada Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2023

15. PROPERTY, EQUIPEMENT AND RIGHT-OF-USE ASSETS

15.1 Construction in progress

Movements of construction in progress for the year 2023 are as follows:

	<i>LAKm</i>
Opening balance	-
Additions (*)	34,000
Closing balance	34,000

(*) During 2023, the Bank has entered into an agreement to purchase land and building with BCEL. The property is valued at 88 billion LAK. As at 31 December 2023, the Bank has completed the first scheduled payment, amounting to 34 billion LAK.

15.2 Intangible fixed assets

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

	<i>Software LAKm</i>
Cost:	
As at 31/12/2022	263
Additions	-
As at 31/12/2023	263
Accumulated depreciation:	
As at 31/12/2022	263
Charge for the year	-
As at 31/12/2023	263
Net book value:	
As at 31/12/2022	-
As at 31/12/2023	-

Canadia Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2023

15. PROPERTY, EQUIPEMENT AND RIGHT-OF-USE ASSETS (continued)

15.3 Tangible fixed assets

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

	<i>Building & improvement LAKm</i>	<i>Office equipment LAKm</i>	<i>Furniture & fixtures LAKm</i>	<i>Motor vehicles LAKm</i>	<i>IT Equipment LAKm</i>	<i>Total LAKm</i>
Cost:						
As at 31/12/2022	1,687	1,585	640	1,387	2,659	7,958
Additions	-	19	28	-	355	402
Re-use of disposal assets	-	-	142	-	23	165
Disposal	-	-	(260)	-	(34)	(294)
As at 31/12/2023	1,687	1,604	550	1,387	3,003	8,231
Accumulated depreciation:						
As at 31/12/2022	792	1,334	579	1,387	2,029	6,121
Charge for the year	219	117	44	-	270	650
Re-use of disposal assets	-	-	142	-	23	165
Disposal	-	-	(260)	-	(34)	(294)
As at 31/12/2023	1,011	1,451	505	1,387	2,288	6,642
Net book value:						
As at 31/12/2022	895	251	61	-	630	1,837
As at 31/12/2023	676	153	45	-	715	1,589

Canadia Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2023

15. PROPERTY, EQUIPEMENT AND RIGHT-OF-USE ASSETS (continued)

15.4 *Right of used assets*

Movements of the balance of right of used assets during the year are as follows:

	<i>Building LAKm</i>
Cost:	
As at 31/12/2022	7,242
Additions	988
As at 31/12/2023	8,230
Accumulated amortization:	
As at 31/12/2022	4,742
Charge for the year	1,428
As at 31/12/2023	6,170
Net book value:	
As at 31/12/2022	2,500
As at 31/12/2023	2,060

Lease liability

Set out below are the carrying amounts of lease liability and the movements during the year:

	<i>2023 LAKm</i>
As at 01 January 2023	1,638
Additions	988
Accrual of interest	144
Payments	(1,105)
Foreign currency difference	(108)
As at 31 December 2023	1,557

Canadia Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2023

16. ACCRUED INTEREST RECEIVABLE

	31/12/2023 LAKm	31/12/2022 LAKm
Accrued interest receivable from:		
- Loans to customers	848	717
- Term deposits	1,493	847
	2,341	1,564

17. OTHER ASSETS

	31/12/2023 LAKm	31/12/2022 LAKm
Prepaid expenses	880	687
Foreclosed assets	13,599	13,599
Others	157	543
	14,636	14,829

18. DUE TO OTHER BANKS

	31/12/2023 LAKm	31/12/2022 LAKm
Demand deposit from:		
- Canadia Bank Plc	316,369	260,537
- Other financial institutions	8	7
	316,377	260,544

19. DUE TO THE BOL

	31/12/2023 LAKm	31/12/2022 LAKm
Borrowing from Bank of the Lao PDR	950	1,350
	950	1,350

Borrowing from BOL for the purpose of providing credit for liquidity and restoration of certain customers who are impacted by coronavirus (COVID-19) as allowed in Decision no 318/BOL, dated 19 May 2020. Details of borrowing contracts are:

Contract Number	Amount LAKm	Start date	Maturity date	Interest rate per annum
3059/SD	300	04 November 2020	04 November 2024	3%
3490/SD	100	22 December 2020	22 December 2024	3%
956/SD	550	16 March 2021	16 March 2025	3%
	950			

Canadia Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2023

20. DUE TO CUSTOMERS

	31/12/2023 LAKm	31/12/2022 LAKm
Demand deposits	18,527	11,133
Demand deposits in LAK	1,111	2,711
Demand deposits in FC	17,416	8,422
Saving deposits	30,058	14,887
Saving deposits in LAK	2,554	3,842
Saving deposits in FC	27,504	11,045
Fixed term deposits	13,920	13,243
Fixed term deposits in LAK	2,594	2,467
Fixed term deposits in FC	11,326	10,776
	62,505	39,263

The interest rates for these deposits are as follows:

	2023 % per annum	2022 % per annum
Demand deposits	0.00	0.00
Saving deposits in LAK	1.89 - 5.59	1.89 - 5.59
Saving deposits in USD	1.00 - 4.00	1.00 - 4.00
Saving deposits in THB	1.00	1.00
Term deposits in LAK	3.16 - 5.59	3.16 - 5.59
Term deposits in USD	2.25 - 5.25	2.25 - 5.25
Term deposits in THB	3.00 - 4.00	2.25 - 5.25

21. OTHER PAYABLES

	31/12/2023 LAKm	31/12/2022 LAKm
Bonus and pension	2,184	-
Other liabilities	2,688	3,780
	4,872	3,780

22. TAXATION

22.1 Tax recoverable

	31/12/2023 LAKm	31/12/2022 LAKm
Profit tax recoverable (note 22.2)	8,123	8,123
	8,123	8,123

Canadia Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2023

22. TAXATION (continued)

22.2 Profit Tax ("PT")

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

	2023 LAKm	2022 LAKm
Profit/(loss) before tax	89,035	(3,311)
Non-taxable income	(415)	-
Non-deductible expense	45	165
Utilisation of tax losses in 2023	(88,665)	-
Total taxable profit/(loss)	-	(3,146)
Current PT expense, at the statutory rate of 20%	-	-
Tax adjustment	-	1,210
PT expense during the year	-	1,210
PT recoverable at the beginning of year	(8,123)	(9,333)
PT paid during the year	-	-
PT recoverable at the end of year	(8,123)	(8,123)

The Bank'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 up on final determination by the tax authorities.

Tax losses carried forward

The Bank incurred tax losses in 2020 and 2022. Under the current Tax Law, the Bank is entitled to carry each individual tax loss forward to offset against taxable profits arising within 5 years subsequent to the year in which the loss is incurred. Upon expiration of this period, any remaining losses may not be further carried forward to be deducted from profit. The detailed tax losses carried forward were as follows:

Year	Can be utilized up to Year	Additional losses incurred for the year LAKm	Utilized up to the end of the year LAKm	Amount unused but is not eligible for next year's use LAKm	Eligible unused tax loss at the end of the year LAKm
2020	2025	(141,084)	-	-	(141,084)
2021	2025	-	7,491	-	7,491
2022 (*)	2027	(3,146)	-	-	(3,146)
2023 (*)	2028	-	88,665	-	88,665
		(144,230)	96,156	-	(48,074)

(*) The financial statements of the Bank for the year ended 31 December 2022 and 2023 have not been inspected and finalised by the Tax Authority.

Canadia Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2023

22. TAXATION (continued)

22.3 Deferred tax assets

	<i>Statement of financial position</i>		<i>Income statement</i>	
	<i>31/12/2023</i>	<i>31/12/2022</i>	<i>31/12/2023</i>	<i>31/12/2022</i>
Deferred tax assets	9,615	27,348	(17,733)	27,348
Net deferred tax (debited)/credited to the income statement	9,615	27,348	(17,733)	27,348

Details of the deferred tax assets and deferred tax liabilities are as follows:

	<i>31/12/2023</i> <i>LAKm</i>	<i>31/12/2022</i> <i>LAKm</i>
Deductible temporary differences	48,074	136,739
<i>In which:</i>		
Tax losses carried forward	48,074	136,739
Deferred tax assets (at tax rate 20%)	9,615	27,348

23. PAID-UP CAPITAL

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

	<i>2023</i> <i>LAKm</i>	<i>2022</i> <i>LAKm</i>
Opening balance	472,710	300,000
Capital contribution during the year	-	172,710
Closing balance	472,710	472,710

According to agreement No. 752/BOL dated 27 August 2019, commercial banks have to maintain a minimum paid-up capital which is equivalent to 500,000,000,000 LAK. The Bank of the Lao PDR allows commercial banks to contribute their capital in one time or within a period of 5 years.

On 28 December 2023, the Bank got Letter No. 1050/BSO of the BOL approving the delay of its capital injection deadline to 2024. Accordingly, on 25 January 2024, the parent bank has contributed 10 million USD as paid-up capital to comply with requirement of the BOL.

24. CASH AND CASH EQUIVALENTS

	<i>31/12/2023</i> <i>LAKm</i>	<i>31/12/2022</i> <i>LAKm</i>
Cash on hand	11,714	17,992
Current accounts with the BOL	127,753	119,179
Current accounts with other banks	188,381	40,966
	327,848	178,137

Canada Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2023

25. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other parties to which the Bank is related. A party is related to the Bank if:

- (a) directly, or indirectly through one or more intermediaries, the party:
 - ▶ controls, is controlled by, or is under common control with, the Bank (this includes parents, subsidiaries and fellow subsidiaries);
 - ▶ has an interest in the Bank that gives it significant influence over the Bank; or
 - ▶ has joint control over the Bank.
- (b) the party is a joint venture in which the Bank is a venture;
- (c) the party is a member of the key management personnel of the Bank 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 Bank, or of any entity that is a related party of the Bank

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

<i>Related party</i>	<i>Relationship</i>	<i>Transactions</i>	<i>2023 LAKm</i>	<i>2022 LAKm</i>
Canada Bank Plc	Owner	Net increase in demand deposits from the parent bank	55,832	179,496
		Net increase in demand deposits at the parent bank	80	204

Balances with related parties as at 31 December 2023 are as follows:

<i>Related party</i>	<i>Relationship</i>	<i>Transactions</i>	<i>31/12/2023 Receivable/ (payable) LAKm</i>	<i>31/12/2022 Receivable/ (payable) LAKm</i>
Canada Bank Plc	Owner	Demand deposits from the parent bank	(316,369)	(260,537)
		Demand deposits at the parent bank	504	424

Canadia Bank Lao Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year then ended 31 December 2023

25. RELATED PARTY TRANSACTIONS (continued)

Transactions with key management personnel of the Bank

Remuneration to members of the Management is as follows:

	2023 LAKm	2022 LAKm
Salaries	1,960	2,335
Bonus	580	694
	2,540	3,029

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

	2023 LAKm	2022 LAKm
Allowances for Board of Directors	468	416
	468	416

26. EVENTS AFTER THE REPORTING DATE

On 25 January 2024, the parent bank has contributed 10 million USD as paid-up capital to comply with requirement of the BOL. Accordingly, as at 08 February 2024, the Bank's paid up capital is 680,810,000,000 LAK.

There is no other matter or circumstance that has arisen since 31 December 2023 that requires adjustment or disclosure in the financial statements of the Bank.

Prepared by:



Mr. Im Sovanrith
Chief Financial Officer

Reviewed by:



Mr. Buth Ang
Chief Executive Officer

Vientiane, Lao PDR

29 March 2024