

**ANZ Bank (Lao) Limited**

Financial statements for the year ended  
31 December 2017  
and  
**Independent Auditor's Report**

## **ANZ Bank (Lao) Limited**

<b>Contents</b>	<b>Page</b>
<b>1 Corporate information</b>	<b>1</b>
<b>2 Management's responsibilities in respect of the financial statements</b>	<b>2</b>
<b>3 Independent auditors' report</b>	<b>3-5</b>
<b>4 Statement of financial position</b>	<b>6-7</b>
<b>5 Statement of income</b>	<b>8</b>
<b>6 Statement of changes in capital and other reserves</b>	<b>9</b>
<b>7 Statement of cash flows</b>	<b>10</b>
<b>8 Notes to the financial statements</b>	<b>11-32</b>

## Corporate Information

<b>Bank</b>	ANZ Bank (Lao) Limited	
<b>Foreign Investment License No.</b>	007-15/PI/PM4, dated 08 December 2015 Enterprise Registration Certificate No. 0102/ERO Dated 07 February 2017	
<b>Board of Directors</b>	Mr. Aseem Goyal Mr. Nigel Jarvis Piper Mr. Rufus Pinto Mr. Karl Holden Mrs. Anna Green	Chairman Director Director Director Director
<b>Board of Management</b>	Mr. Rufus Pinto Mr. Sophy Keo Mr. Gethin Jones Mr. Chris Kermode Mrs. Souphachanh Khansyla  Ms. Nanthala Salichanh Mrs. Mukdalay Xayarath Mr. Aksone Bouphakonekham Mrs. Somvone Siaphay Role Vacant Mr. Vignarsone Mounalard	Chief Executive Officer Acting Chief Operating Officer Chief Risk Officer Head of Finance Head of Transaction Banking and Head of International Banking Head of Markets Head of Human Resource Local Advisory Head of Compliance Head of Research and Analysis Customer Advocate and CSR
<b>Registered office</b>	ANZ Bank (Lao) Limited ANZ Building 33 Lane Xang Avenue PO Box 5001 Vientiane capital, Lao PDR	
<b>Auditors</b>	KPMG Lao Co., Ltd 4th Floor, K.P. Tower 23 Singha Road P.O. Box 6978 Vientiane Capital, Lao PDR	

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

The Management of ANZ Bank (Lao) Limited (“the Bank”) is responsible for the preparation of the financial statements and for ensuring that the financial statements present fairly in all material respects, the financial position of the Bank as at 31 December 2017, and the statement of income, statement of changes in capital and other reserves and statement of cash flows for the year then ended that are in accordance with the accounting regulations of the Bank of Lao PDR and accounting rules in the Lao PDR. In preparing the financial statements, Management is required to:

- i) Adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- ii) Comply with the accounting regulations of the Bank of Lao PDR and accounting rules in the Lao PDR, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- iii) Maintain adequate accounting records and an effective system of internal controls;
- iv) Take reasonable steps for safeguarding the assets of the Bank and for preventing and detecting fraud, error and other irregularities;
- v) Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Bank will continue operations in the foreseeable future; and
- vi) Effectively control and direct the Bank and be involved in all material decisions affecting the Bank's operations and performance and ascertain that such have been properly reflected in the financial statements.

Management confirms that they have complied with the above requirements in preparing the financial statements.

## APPROVAL OF THE FINANCIAL STATEMENTS

I, Mr. Rufus Pinto, on behalf of the Board of Management, do hereby state that the financial statements set out on pages 6 to 32 are present fairly, in all material respects, the financial position of the Bank as at 31 December 2017, and its financial performance and cash flows for the year then ended and have been properly drawn up in accordance with the accounting regulations of the Bank of Lao PDR and accounting rules in the Lao PDR.

*Signed on behalf of the Board of Management,*

Rufus Pinto  
Chief Executive Officer  
23 March 2018





KPMG Lao Co.,Ltd.  
3<sup>rd</sup> - 4<sup>th</sup> Floor, 37 K.P. Tower  
23 Singha Road, Ban Phonexay,  
Saysettha District, P.O. Box 6978  
Vientiane Capital, Lao PDR  
Tel +856 (21) 454240-7

ບໍລິສັດ ເຄຟເອັມຈີລາວ ຈຳກັດ  
ຊັ້ນ 3-4, 37 ຕຶກ ເຄຟທາວເວີ  
ຖະໜົນ 23 ສິງຫາ, ບ້ານໂພນໄຊ,  
ເມືອງໄຊເສດຖາ, ຖ້ ປ.ນ. 6978,  
ນະຄອນຫຼວງວຽງຈັນ, ສປປ ລາວ  
ໂທ : +856 (21) 454240-7

## INDEPENDENT AUDITORS' REPORT

**To: The Board of Directors  
ANZ Bank (Lao) Limited**

### *Opinion*

We have audited the financial statements of ANZ Bank (Lao) Limited (the “Bank”), which comprise the statement of financial position as at 31 December 2017, the statements of income, changes in capital and other reserves and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with the accounting regulations of the Bank of Lao PDR and accounting rules in the Lao PDR.

### *Basis for Opinion*

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

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting regulations of the Bank of Lao PDR and accounting rules in the Lao PDR, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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 auditors' 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with 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.

KPMG Lao Co., Ltd.  
KPMG Lao Co., Ltd. PMG LAO  
Vientiane Capital, Lao PDR  
Date: 23 March 2018

**ANZ Bank (Lao) Limited**  
**Statement of financial position**

		31 December	
	<i>Note</i>	2017	2016
		<i>(in millions LAK)</i>	
<b>Assets</b>			
Cash	4, 20	33.159	49.113
Interbank and money market items			
Amounts due from head office and other branches	20, 21	284.782	87.133
Amounts due from other banks	5	204.099	369.925
Statutory deposits with Central Bank	6	243.387	271.885
Loans and advances, net of specific provision			
	7	162.835	181.224
Property and equipment	8	13.829	13.287
Deferred tax asset	9	391	2.382
Other assets	10	4.718	4.237
<b>Total assets</b>		<b>947.200</b>	<b>979.186</b>

The accompanying notes form an integral part of these financial statements



**ANZ Bank (Lao) Limited**  
**Statement of financial position**

		31 December	
	<i>Note</i>	2017	2016
		<i>(in millions LAK)</i>	
<b>Liabilities, Capital and other reserves</b>			
<b>Liabilities</b>			
Deposits from customers	11	650.377	636.861
Interbank and money market items			
Amounts due to other banks	12	60	26.210
Tax liabilities	13	1.209	1.801
Other liabilities	14	10.260	10.706
<b>Total liabilities</b>		<b>661.906</b>	<b>675.578</b>
<b>Capital and other reserves</b>			
Paid up capital	15	300.000	300.000
Statutory reserve	16	3.425	3.425
General provision for credit activities		1.629	1.731
Retained earnings		(19.760)	(1.548)
<b>Total Capital and other reserves</b>		<b>285.294</b>	<b>303.608</b>
<b>Total liabilities, Capital and other reserves</b>		<b>947.200</b>	<b>979.186</b>

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

**ANZ Bank (Lao) Limited**  
**Statement of income**

		Year ended 31 December	
	Note	2017	2016
		<i>(in millions LAK)</i>	
<b>Interest income</b>			
Interest from loans and advances		9.697	18.038
Interest from interbank and money market items		4.983	1.536
<b>Total interest income</b>		<b>14.680</b>	<b>19.574</b>
<b>Interest expense</b>			
Interest on deposits	17	(4.391)	(5.636)
Interest on interbank and money market items		(227)	(1.080)
<b>Total interest expense</b>		<b>(4.618)</b>	<b>(6.716)</b>
<b>Net interest income</b>		<b>10.062</b>	<b>12.858</b>
Fees and services income		11.058	17.150
Fees and services expenses		(2.328)	(2.580)
<b>Fees and services income, net</b>	18	<b>8.730</b>	<b>14.570</b>
<b>Other income</b>			
Gain on foreign exchange		13.807	13.049
Other income		10.342	3.156
Net gain from fixed assets disposal		63	6.205
<b>Total other income</b>		<b>24.212</b>	<b>22.410</b>
<b>Income before non-interest expense, doubtful accounts and income tax expense</b>		<b>43.004</b>	<b>49.838</b>
<b>Operating expenses</b>			
Personnel expenses		(20.349)	(23.772)
Premises, depreciation and amortization expenses		(3.872)	(6.265)
Other expenses		(26.965)	(32.967)
Provision for bad debts and doubtful loans and advances			
General		102	3.825
Specific	7	(8.140)	(8.197)
<b>Total operating expenses</b>		<b>(59.224)</b>	<b>(67.376)</b>
<b>Loss before income tax expense</b>		<b>(16.220)</b>	<b>(17.538)</b>
Income tax benefit (expense)	19	(1.992)	2.382
<b>Loss for the year</b>		<b>(18.212)</b>	<b>(15.156)</b>

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

## ANZ Bank (Lao) Limited

### Statement of changes in capital and other reserves

	Paid up capital		Retained earnings / (Accumulated losses)		Statutory reserve		General provision for credit activities		Total	
	LAK	(in millions)	LAK	(in millions)	LAK	(in millions)	LAK	(in millions)	LAK	(in millions)
Balance as at 1 January 2016	300.000	300.000	13.608	13.608	3.425	3.425	5.556	5.556	322.589	322.589
Change in general provision	-	-	-	-	-	-	(3.825)	(3.825)	(3.825)	(3.825)
Loss for the year	-	-	(15.156)	(15.156)	-	-	-	-	(15.156)	(15.156)
<b>Balance as at 31 December 2016</b>	<b>300.000</b>	<b>300.000</b>	<b>(1.548)</b>	<b>(1.548)</b>	<b>3.425</b>	<b>3.425</b>	<b>1.731</b>	<b>1.731</b>	<b>303.608</b>	<b>303.608</b>
<b>and 1 January 2017</b>										
Change in general provision	-	-	-	-	-	-	(102)	(102)	(102)	(102)
Loss for the year	-	-	(18,212)	(18,212)	-	-	-	-	(18,212)	(18,212)
<b>Balance as at 31 December 2017</b>	<b>300.000</b>	<b>300.000</b>	<b>(19.760)</b>	<b>(19.760)</b>	<b>3.425</b>	<b>3.425</b>	<b>1.629</b>	<b>1.629</b>	<b>285,294</b>	<b>285,294</b>

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

**ANZ Bank (Lao) Limited**  
**Statement of cash flows**

	Note	Year ended 31 December	
		2017	2016
<i>(in millions LAK)</i>			
<b>Cash flows from operating activities</b>			
Loss before income tax expense		(16.220)	(17.538)
<i>Adjustments for</i>			
Interest income		(14.680)	(19.574)
Interest expense		4.618	6.716
Allowance for doubtful debts		8.038	4.372
Depreciation and amortisation		3.872	5.590
Gain from fixed assets disposal		(63)	(6.205)
<b>Loss from operations before change in operating assets and liabilities</b>		<b>(14.435)</b>	<b>(26.639)</b>
<i>Change in operating assets / liabilities</i>			
Change in statutory deposits		(18.447)	19.736
Change in loans and advances to customers		10.250	366.164
Change in other assets		(915)	4.652
Change in deposits from customers		13.517	(90.102)
Change in deposits from banks		(26.151)	(39.654)
Change in deposits to banks		(171.842)	(24.830)
Change in other liabilities		(932)	(8.426)
Interest received		15.113	19.012
Interest paid		(4.725)	(7.495)
Income tax paid		-	(4.649)
<b>Net cash (used in)/from operating activities</b>		<b>(198.567)</b>	<b>207.769</b>
<i>Cash flows from investing activities</i>			
Acquisition of property and equipment		(4.452)	(7.409)
Proceeds from disposal of assets		100	12.395
<b>Net cash (used in)/from investing activities</b>		<b>(4.352)</b>	<b>4.986</b>
<b>Net change in cash and cash equivalents</b>		<b>(202.919)</b>	<b>212.755</b>
Cash and cash equivalents at 1 January		659.990	447.235
<b>Cash and cash equivalents at 31 December</b>	20	<b>457.071</b>	<b>659.990</b>

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

**ANZ Bank (Lao) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

<b>Note</b>	<b>Contents</b>
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Cash
5	Amounts due from other banks
6	Statutory deposits with Central Bank
7	Loans and advances, net of specific provision
8	Property and equipment
9	Deferred tax asset
10	Other assets
11	Deposits from customers
12	Amounts due to other banks
13	Tax liabilities
14	Other liabilities
15	Paid up capital
16	Statutory reserve
17	Interest expense
18	Fees and service income, net
19	Income tax expense
20	Cash and cash equivalents
21	Related party transactions
22	Commitments
23	Subsequent event

**ANZ Bank (Lao) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**1 General information**

ANZ Bank (Lao) Limited is 100% foreign invested commercial bank which was incorporated in Lao People's Democratic Republic and has its registered office at ANZ Building, 33, Lane Xang Avenue, PO Box 5001, Vientiane, Lao PDR.

The Bank began operating as ANZ Vientiane Commercial Bank Ltd in September 2007 as the Australia and New Zealand Banking Group Limited ("ANZBGL") purchased a majority shareholding in the Vientiane Commercial Bank Ltd, a privately owned bank that had been operating in Laos for 14 years. In August 2010, ANZ moved to 100% ownership and renamed it to ANZ Bank (Lao) Limited.

The Bank is operating under Foreign Investment License No. 007-15/PI/PM4 dated 08 December 2015 granted by the Ministry of Planning and Investment and Enterprise Registration Certificate No. 0102/ERO dated 07 February 2017 issued by the Enterprise Registration Officer.

The principal activities of the Bank are to provide comprehensive banking and related financial services in Lao P.D.R.

As at 31 December 2017, the Bank had 67 (2016: 81) employees.

During 2017 there is changing in Board of director and Management members as follows:

**Board of Directors members resigned and appointed:**

<b>Name</b>	<b>Title</b>	<b>Date of Appointment/resignation</b>
Ms. Binh Phan	Chairman	Resigned on 19 July 2017
Mr. Aseem Goyal	Chairman	Appointment on 02 August 2017
Ms. Maira Liu	Director	Resigned on 31 August 2017
Mr. Rufus Pinto	Director	Appointment on 01 August 2017

**Management members resigned and appointed:**

<b>Name</b>	<b>Title</b>	<b>Date of Appointment/resignation</b>
Ms. Anna Green	Chief Executive Officer	Resigned on 18 August 2017
Mr. Rufus Pinto	Chief Executive Officer	Appointment on 01 October 2017
Mr. Mark Luvant	Acting Chief Operating Officer	Resigned on 02 February 2018
Mr. Sophy Keo	Acting Chief Operating Officer	Appointment on 04 February 2018
Ms. Nguyen Thi Huong Nga	Chief Risk Officer	Resigned on 16 June 2017
Mr. Gethin Jones	Chief Risk Officer	Appointment on 19 June 2017
Ms. Lobe Temo	Head of Markets	Resigned on 07 February 2017
Ms. Nanthala Salichanh	Head of Markets	Appointment on 08 February 2017

**ANZ Bank (Lao) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

<b>Name</b>	<b>Title</b>	<b>Date of Appointment/resignation</b>
Ms. Daniel MacCutcheon	Head of Compliance	Resigned on 03 March 2017
Ms. Somvone Siaphay	Head of Compliance	Appointment on 11 April 2017
Mr. Thomas Henderson	Head of Research and Analysis	Resigned on 19 January 2018

**2 Basis of preparation of the financial statements**

**(a) General basis of accounting**

**(i) Basis of preparation**

The accompanying financial statements are expressed in million Lao Kip (mn“LAK” ), in accordance with Decree No. 02/PR by the Prime Minister of Lao PDR dated 22 March 2000 and the Enterprise Accounting Law of Lao PDR and accounting regulations of the Bank of Lao PDR and accounting rules in the Lao PDR. This is also the functional currency of the Bank..

The financial statements have been prepared in accordance with accounting regulations of the Bank of Lao PDR and accounting rules in the Lao PDR, which may differ in some material respects from International Financial Reporting Standards and the generally accepted accounting principles and standards of other countries. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations, changes in equity, cash flows and notes thereto in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than the Lao PDR. Furthermore, their utilization is not designed for those who are not informed about the Lao PDR’s accounting rules, procedures and practices.

The Bank is 100% foreign invested commercial bank which was incorporated in the Lao PDR. The accompanying financial statements have been prepared from the records of the Bank and reflect only transactions recorded locally. The Bank has significant transactions and balances with its Head Office and other branches.

The financial statements were authorized for issue on behalf of the Board of Management on 23 March 2018.

**(ii) Basis of measurement**

The financial statements have been prepared on the historical cost basis except as stated in the accounting policies. The accounting policies have been consistently applied by the Bank and are consistent with those used in the previous year except otherwise stated.

**(iii) Use of judgements and estimates**

The preparation of the Bank’s financial statements requires management to make judgments, estimates and assumptions based on the management’s best knowledge of current events and actions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent liabilities at the reporting date.

**ANZ Bank (Lao) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

Estimates and underlying assumptions are reviewed on an ongoing basis. Actual outcomes may differ from management's assessment and such differences could require revisions that are recognized in the period in which the estimates are revised and in any future periods affected.

**(b) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currency at exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates at the reporting date. All realized and unrealized foreign exchange differences arising from translation are recognized in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the function currency at the exchange rates at the dates of transactions.

The applicable exchange rates for the LAK against currencies were:

	31 December 2017	31 December 2016
United State Dollar ("USD")	8.274,00	8.166,00
Thai Baht ("THB")	253,97	228,63
Euro ("EUR")	9.893,00	8.545,00

**(c) Fiscal Year**

The Bank reporting period starts on 1 January and ends on 31 December.

**3 Significant accounting policies**

The significant accounting policies set out below have been adopted by the Bank in the preparation of the financial statements.

**(a) Financial instruments**

The Bank's financial instruments include cash and cash equivalents, originated loans and receivables, deposits, investments, inter-bank balances and other receivables and payables. The accounting policies for the recognition and measurement of these items are disclosed in the respective accounting policies.

**(b) Cash and cash equivalents**

Cash and cash equivalents consist of: cash; highly liquid short-term investments with an original maturity of less than or equal to 30 days that are readily convertible to known amounts of cash; and accounts due from banks with original maturity of less than or equal to 30 days.



**ANZ Bank (Lao) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**(c) Loans and advances**

Loans and advances are originated by the Bank providing money to a customer for purposes other than short-term profit taking. They are stated at the outstanding principal balances less an impairment allowance for bad and doubtful loans and advances, to reflect the estimated recoverable amount. Loans and advances are shown exclusive of accrued interest receivable.

**(d) Provision for bad debts and doubtful loans and advances**

In accordance with Regulation 324/BOL (“BOL324”) dated 19 April 2011, the Bank is required to classify loans and create provision for impairment losses. Accordingly, loans are classified into Performing loans or Non-performing loans 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 loans to customers is established by multiplying the outstanding balance of each loan item with the provision rates applicable to that loan classification as follows:

Classification	Number of days past due	Provision
Normal or Pass (A)	0-29 days	0.5%-1%
Watch or Special mention (B)	30-89 days	3%
Substandard (C)	90-179 days	20%
Doubtful (D)	180-359 days	50%
Loss (E)	Over 360 days	100%

Recoveries on loans previously written off and reversals of previous provisions are disclosed as a deduction from the provision for bad and doubtful accounts in the statement of income. Accumulated specific provision reserve is recorded in the balance sheet in “Loans and advances, net of specific provision”.

In accordance with BOL324, the Bank is required to create a general provision for loan losses at the rate of 3% of the total balance of Watch or Special Mention loans as at the reporting date and general provision made for Normal or Pass loans shall be 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 the Bank of Lao P.D.R on 2 April 2010 Accordingly, the Bank provided general provision at rate of 1% out of total balance of Normal or Pass loans.

The Bank complied with the BoL’s regulations on general provision provided for Normal or Pass and Watch or Special loans for the year ended 31 December 2017.

**ANZ Bank (Lao) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**(e) Interbank and money market items**

Interbank and money market items are carried at cost.

**(f) 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 Law on Enterprise (Revision) No.46/NA dated 26 December 2013, the Bank is required to provide statutory reserve at a rate of 10% on profit after deducting retained loss. The Bank can stop reserving when the statutory reserve has reached up to 50 percentage of Registered Capital.

**(g) Property and equipment**

- (i) Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Where an item of property comprises major components having different useful lives, the components are accounted for as separate items of property and equipment.
- (ii) In accordance with the new 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 depreciation of property and equipment is charged to the statement of income on a straight line basis over the estimated useful lives of the individual assets at the following annual rates:
- |   |     |
|---|-----|
| Leasehold improvement                   | 5%  |
| Electronic equipment                    | 20% |
| Furniture, fitting and office equipment | 20% |
| Vehicle                                 | 20% |
- (iii) Subsequent expenditure relating to an item of property and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Bank. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.
- (iv) Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and are recognized in the statement of income on the date of retirement or disposal.
- (v) Fully depreciated property and equipment is retained on the balance sheet until disposed of or written off.

**ANZ Bank (Lao) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**(h) Income recognition**

Interest income is recognized on a daily accrual basis, except in relation to non-performing accounts. Where an account becomes non-performing, the recording of interest as income is suspended until it is realized on a cash basis. Customers' accounts are deemed to be non-performing where repayments are in arrears for more than 90 days, in accordance with BoL regulations.

Fees and commissions consist of fees received from fund transfer transactions, trade settlement, foreign currency exchange transactions, ATM transaction fee, financial guarantees, facility approval fees, maintaining and administering existing facilities and others. Fee and commission income are recognized in to the income statement on cash basis.

Income from the various activities of the Bank is accrued using the following bases:

- (i) Loan arrangement fees and commissions on services and facilities extended to customers are recognized on the occurrence of such transactions;
- (ii) Commitment fees and guarantee fees on services and facilities extended to customers are recognized as income over the period in which the services and facilities are extended; and
- (iii) Service charges and processing fees are recognized when the service is provided.

**(i) Interest expense**

Interest expense on deposits is recognized on a daily accrual basis.

**(j) Income tax**

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss.

**Current tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions of amounts payable to the tax authorities.

Provision is made for taxation based on the current year's total revenue as per the laws governing taxation within the Lao PDR. For each profitable year, the Bank is subject to the current tax rate of 24% on total taxable income.

**Deferred tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

**ANZ Bank (Lao) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which it can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**(k) Provisions**

A provision is recognized if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**(l) Related parties**

Parties are considered to be related to the Bank if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or where the Bank and the party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

**(m) Employee benefits**

*Post-employment benefits*

Post-employment benefits are paid to retired employees of the National Social Security Fund (NSSF) which belongs to the Ministry of Labour and Social Welfare. The Bank is required to contribute to these post-employment benefits by paying to the Security Welfare at the rate of 6.00% of NSSF threshold on a monthly basis (maximum NSSF threshold is LAK 4,500,000 million, new max threshold effective from 1 Jan 2017). The Bank has no further obligation concerning post-employment benefits for its employees other than this

**ANZ Bank (Lao) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

*Termination benefits*

In accordance with Article 82 of the Amended Labor Law issued by the President of Lao People's Democratic Republic on 24 December 2013, the Bank has the obligation to pay compensation for employees who are terminated in the following cases:

- The worker lacks specialized skills or is not in good health and has a medical certificate, and after allowing the worker in question to undertake other, more appropriate work according to their ability and health, yet the person in question is still unable to work;
- The employer considers it necessary to reduce the number of workers in order to improve the work within the labor unit after consulting the trade union or employee representative or the majority of employees, and has reported to the Labor Administration Agency.

For the termination of an employment contract on any of the above-mentioned grounds, the employer must pay compensation 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 2017, there are 6 employees of the Bank who were dismissed under the above-mentioned grounds, the banks already made full dismissal's payments to employees therefore the Bank has not made a provision for termination allowance in the financial statements.

**4 Cash**

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
Lao Kip ("LAK")	14.254	20.826
United States Dollar ("USD")	15.060	23.641
Thai Baht ("THB")	3.545	4.232
Others	300	414
	<u>33.159</u>	<u>49.113</u>

**5 Amounts due from other banks**

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
Lao Kip ("LAK")	60.900	112.900
Other foreign currencies	143.199	257.025
	<u>204.099</u>	<u>369.925</u>

**ANZ Bank (Lao) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**a) Domestic items**

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
At call	61.898	94.163
Term deposits	107.562	100.660
	<u>169.460</u>	<u>194.823</u>

**b) Foreign items**

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
<b>At call</b>		
USD	13.246	155.306
THB	18.745	19.195
Other	2.648	601
	<u>34.639</u>	<u>175.102</u>

Demand deposits at domestic and foreign banks are non-interest bearing.

**6 Statutory deposits with Central Bank**

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
Statutory deposits:		
Compulsory	76.683	58.236
Demand deposits	166.704	213.649
	<u>243.387</u>	<u>271.885</u>

Balances with the BoL include demand deposits and compulsory deposits. These balances bear 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 5% and 10%, on a bi-monthly basis (2016: 5% and 10%) of customer deposits having original maturities of less than 12 months, in LAK and in foreign currencies, respectively. During the year, the Bank maintained its compulsory deposits in compliance with the requirements by the BoL.

**ANZ Bank (Lao) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**7 Loans and advances, net of specific provision**

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
Loans and receivables:		
Overdrafts	678	524
Loans	162.157	188.897
	<u>162.835</u>	<u>189.421</u>
Provision for bad debts and doubtful loans and advances:		
Specific	-	(8.197)
Loans and advances to customers	<u>162.835</u>	<u>181.224</u>

**a) Classified by residual maturity**

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
Within 1 year	134.179	138.580
Over 1 year	28.656	34.448
Non-performing loans	-	16.393
	<u>162.835</u>	<u>189.421</u>

**b) Classified by currencies**

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
LAK	157.008	79.839
USD	5.827	90.186
THB	-	19.396
	<u>162.835</u>	<u>189.421</u>

**ANZ Bank (Lao) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**7 Loans and advances, net of specific provision (continued)**

**c) Classified by type of business**

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
Agriculture	9.546	22.286
Manufacturing	40.274	33.354
Trading and service	110.783	131.271
Other	2.232	2.510
	<b>162.835</b>	<b>189.421</b>

**d) Classified by performance**

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
Performing loans	162.835	173.028
Non-performing loans	-	16.393
	<b>162.835</b>	<b>189.421</b>

**e) Classified by interest rate (per annum)**

Loans	2017 %	2016 %
LAK	4,25 – 16,00	4,25 – 16,00
USD	4,00 – 10,00	4,00 – 12,00
THB	4,00 – 10,00	5,75 – 8,00

**Specific Provision for credit activities**

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
Balance at beginning of the year	8.197	-
Foreign exchange translation	108	-
Provision made in the year	8.140	8.197
Direct write off	(16.445)	-
<b>Balance at end of the year</b>	<b>-</b>	<b>8.197</b>



**ANZ Bank (Lao) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**7 Loans and advances, provision (continued)**

**General Provision for credit activities**

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
Balance at beginning of the year	1.731	5.556
Foreign exchange translation	31	26
Provision made in the year	<u>(133)</u>	<u>(3.851)</u>
<b>Balance at end of the year</b>	<b><u>1.629</u></b>	<b><u>1.731</u></b>

**8 Property and equipment**

	<i>Note</i>	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
Capital work in progress		329	1.904
Intangible fixed assets		241	304
Tangible fixed assets	8.1	<u>13.259</u>	<u>11.079</u>
<b>Total</b>		<b><u>13.829</u></b>	<b><u>13.287</u></b>

**ANZ Bank (Lao) Limited**  
**Notes to financial statements**  
**For the year ended 31 December 2017**

**8.1 Tangible fixed assets**

	Leasehold improvement LAK (in millions)	Office equipment LAK (in millions)	Furniture and fixtures LAK (in millions)	Vehicles LAK (in millions)	Total LAK (in millions)
<b>Cost</b>					
Balance at 1 January 2016	<b>38,577</b>	<b>23,248</b>	<b>3,361</b>	<b>4,103</b>	<b>69,289</b>
Additions	221	4,394	729	11	5,355
Disposal	(17,138)	(6,009)	(2,147)	-	(25,294)
<b>Balance at 31 December 2016 and at 1 January 2017</b>	<b>21,660</b>	<b>21,633</b>	<b>1,943</b>	<b>4,114</b>	<b>49,350</b>
Additions	2,434	3,452	139	-	6,026
Disposal	-	(12)	-	(309)	(321)
<b>Balance at 31 December 2017</b>	<b>24,094</b>	<b>25,073</b>	<b>2,082</b>	<b>3,805</b>	<b>55,055</b>
<b>Accumulated depreciation</b>					
Balance at 1 January 2016	32,645	16,226	2,114	769	51,754
Depreciation for the year	1,774	2,625	413	809	5,621
Disposal	(13,113)	(4,396)	(1,595)	-	(19,104)
<b>Balance at 31 December 2016 and at 1 January 2017</b>	<b>21,306</b>	<b>14,455</b>	<b>932</b>	<b>1,577</b>	<b>38,271</b>
Depreciation for the year	259	2,452	292	807	3,810
Disposal	-	(2)	-	(283)	(285)
<b>Balance at 31 December 2017</b>	<b>21,565</b>	<b>16,905</b>	<b>1,224</b>	<b>2,101</b>	<b>41,796</b>
<b>Net book value</b>					
At 1 January 2016	<b>5,932</b>	<b>7,021</b>	<b>1,247</b>	<b>3,334</b>	<b>17,535</b>
At 31 December 2016 and 1 January 2017	<b>354</b>	<b>7,178</b>	<b>1,011</b>	<b>2,536</b>	<b>11,079</b>
At 31 December 2017	<b>2,529</b>	<b>8,168</b>	<b>858</b>	<b>1,704</b>	<b>13,259</b>

**ANZ Bank (Lao) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**9 Deferred tax asset**

The Bank has unused tax losses on which no deferred tax asset has been recognised in the financial statements as at 31 December 2017.

	At 1 January 2017 LAK <i>(in millions)</i>	(Charged) / Credited to:  Profit or loss LAK <i>(in millions)</i>	At 31 December 2017 LAK <i>(in millions)</i>
<i>Deferred tax asset</i>			
Provisions	2.382	(1.992)	391
	<u>2.382</u>	<u>(1.992)</u>	<u>391</u>
		2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
Loss carry forward		24.569	12.908
		<u>24.569</u>	<u>12.908</u>

The tax losses expire during 2018-2020. The deductible temporary differences do not expire under current tax legislation. However, no deferred tax asset for loss carry forward has been recognized.

**10 Other assets**

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
Accrued interest receivable	51	729
Other receivables and prepayments	4.667	3.508
	<u>4.718</u>	<u>4.237</u>

**ANZ Bank (Lao) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**11 Deposits from customers**

**a) Classified by type of deposits**

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
Current	317.778	210.195
Savings	190.104	248.209
Term	142.495	178.457
	<b>650.377</b>	<b>636.861</b>

**b) Classified by currencies**

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
LAK	71.199	104.001
USD	536.560	483.537
THB	37.893	42.091
Others	4.725	7.232
	<b>650.377</b>	<b>636.861</b>

**c) Interest rate (per annum)**

	2017 %	2016 %
Saving accounts		
LAK	1,00 - 1,91	1,00 - 1,91
USD	1,00 - 2,00	1,00 - 2,00
THB	0,50 - 2,00	0,50 - 2,00
Fixed deposits		
LAK	2,00 - 3,00	2,00 - 4,00
USD	0,25 - 1,75	0,25 - 2,00
THB	0,50 - 1,75	0,50 - 2,50

**ANZ Bank (Lao) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**12 Amounts due to other banks**

**a) Classified by type of deposits**

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
At call	60	5.628
Other deposits	-	20.582
	<u>60</u>	<u>26.210</u>

**b) Classified by residence**

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
Domestic	60	24.596
Foreign	-	1.614
	<u>60</u>	<u>26.210</u>

**c) Classified by currencies**

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
USD	60	4.574
THB	-	21.628
Others	-	8
	<u>60</u>	<u>26.210</u>

**13 Tax liabilities**

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
Corporate tax	-	-
Value added tax	364	1.681
Withholding tax	841	120
Fringe benefit tax	4	-
	<u>1.209</u>	<u>1.801</u>

**ANZ Bank (Lao) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**14 Other liabilities**

		2017	2016
	<i>Note</i>	LAK <i>(in millions)</i>	LAK <i>(in millions)</i>
Deferred income		284	705
Payable to employees		1,575	522
Accrued interest payables		347	454
Settlement accounts		1,122	1,278
Other payables – related parties	21	1,080	2,093
Other payables		5,852	5,654
		<u>10,260</u>	<u>10,706</u>

**15 Paid up capital**

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

	2017	2016
	LAK <i>(in millions)</i>	LAK <i>(in millions)</i>
Balance as at 1 January	<u>300,000</u>	<u>300,000</u>
<b>Balance as at 31 December</b>	<u><b>300,000</b></u>	<u><b>300,000</b></u>
<b>Total contributed legal capital</b>	<u><b>300,000</b></u>	<u><b>300,000</b></u>

There was no increase in capital during the year 2017 and 2016.

**16 Statutory reserve**

The statutory reserve is provided for at the rate of at least 10% of profit for the year in accordance with the BOL regulations. The Bank loss for current year amounted to LAK 18.212 million hence no statutory reserve is required to be recorded.

**17 Interest expense**

	2017	2016
	LAK <i>(in millions)</i>	LAK <i>(in millions)</i>
Interest from deposits		
Savings deposits	166	259
Term deposits	4,225	5,377
	<u>4,391</u>	<u>5,636</u>

**ANZ Bank (Lao) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**18 Fees and service income, net**

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
Fee and service income		
Settlement services	1.111	1.135
Fees - loan related	854	2.375
Other fees and services	9.093	13.640
	<u>11.058</u>	<u>17.150</u>
Total fee and service expense	<u>(2.328)</u>	<u>(2.580)</u>
<b>Fees and service income, net</b>	<b><u>8.730</u></b>	<b><u>14.570</u></b>

**19 Income tax expense**

*Income tax recognized in profit or loss*

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
<b>Current tax expense</b>		
Current year		-
<b>Deferred tax (benefit) expense</b>		
Movements in temporary differences	9 <u>1.992</u>	<u>(2.382)</u>
<b>Total income tax (benefit) expense</b>	<b><u>1.992</u></b>	<b><u>(2.382)</u></b>

**ANZ Bank (Lao) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

*Reconciliation of effective tax rate*

		2017		2016
	Rate	LAK	Rate	LAK
	(%)	(in millions)	(%)	(in millions)
Loss before income tax expense		<u>(16.220)</u>		<u>(17.538)</u>
Income tax using the Lao PDR corporation tax rate	24	(3.893)	24	(4.209)
Tax effect of income and expense that are not taxable income or not deductible in determining taxable profit, net		14		62
Unutilised loss carried forward		5.896		3.098
Others		(26)		(1.333)
<b>Total</b>	<b>(12)</b>	<b>1.992</b>	<b>14</b>	<b>(2.382)</b>

The corporate tax expense is calculated at 24% on taxable profit. The calculation of taxable income is subject to review and approval by the tax authorities.

**20 Cash and cash equivalents**

		2017	2016
	Note	LAK	LAK
		(in millions)	(in millions)
Cash	4	33.159	49.113
Amounts due from BoL	6	166.704	213.649
Amounts due from head office and other branches		119.301	87.133
Amounts due from other banks		137.907	310.095
		<u>457.071</u>	<u>659.990</u>

**21 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.



**ANZ Bank (Lao) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

- (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 (d);
- (e) the party is a Bank that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such Bank 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 Bank that is a related party of the Bank.

Significant transactions for the years ended 31 December 2017 and 2016 with related parties were:

<b>Related party</b>	<b>Relationship</b>	<b>Transactions</b>	<b>2017 LAK (in millions)</b>	<b>2016 LAK (in millions)</b>
Australian and NewZealand Bank - Melbourne	Head office	Intergroup expenses	11.873	17.281
Australian and NewZealand Bank - Melbourne	Head office	Guarantee expense	-	(458)
Australian and NewZealand Bank - Singapore	Group entity	Interest expense	-	12
Australian and NewZealand Bank - Singapore	Group entity	Interest expense	2.673	254
Australian and NewZealand Bank - Manila Hub	Group entity	Interest income	435	780
Australian and NewZealand Bank -Bangalor Hub	Group entity	Intergroup expense	529	-
Australian and NewZealand Bank -Fiji Hub	Group entity	Intergroup expense	23	-

Significant balances with related parties were as follows:

<b>Related party</b>	<b>Relationship</b>	<b>Transactions</b>	<b>2017 LAK (in millions)</b>	<b>2016 LAK (in millions)</b>
Australian and NewZealand Bank - Melbourne	Head office	Assets - Receivable	346	
Australian and NewZealand Bank - Melbourne	Head office	Liabilities - Payable	996	2.038
Australian and NewZealand Bank -Singapore	Group entity	Assets - IG Deposit & Interest Accrual	281.451	81.660
Australian and NewZealand Bank - Manila Hub	Group entity	Liabilities - Payable	26	55
Australian and NewZealand Bank - Bangalor Hub	Group entity	Liabilities - Payable	58	-

**ANZ Bank (Lao) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

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

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
Salaries	4.994	6.175
Bonus	706	1.304
Other allowance	437	1.018
	<u>6.137</u>	<u>8.497</u>

**22 Commitments**

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated from these transactions, which consists of:

	2017 LAK <i>(in millions)</i>	2016 LAK <i>(in millions)</i>
Letters of guarantee outstanding	557	1.494
Letters of credit outstanding	-	135.598
Undrawn overdraft	812	44.495
Other contingent	20.326	9.580
Undrawn loans	304.477	-
	<u>326.172</u>	<u>191.167</u>

**23 Subsequent Event**

Subsequent to the year end, the Bank decided to discontinue retail product and services with effect from 15 March 2018 under board approval dated 05<sup>th</sup> February 2018.