

**Australia and New Zealand Banking
Group Limited, Lao Branch**

Financial statements for the year ended
31 December 2020
and
Independent Auditor's Report

Australia and New Zealand Banking Group Limited, Lao Branch

Contents	Pages
Corporate information	1
Management's responsibilities in respect of the financial statements	2
Independent auditors' report	3-4
Statement of financial position	5-6
Statement of comprehensive income	7
Statement of changes in Head Office's equity	8
Statement of cash flows	9
Notes to the financial statements	10-31

Corporate Information

Branch Australia and New Zealand Banking Group Limited, Lao Branch

Foreign Investment License No. 007-15/PI/PM4, dated 08 December 2015
Enterprise Registration Certificate No. 05/BOL
Dated 21 January 2019

Senior Management Team of the Branch

Mrs. Carli Renzi	Country Head
Mrs. Asha Ali	Chief Operating Officer
Mr. Dinh Anh Tuan Nguyen	Chief Risk Officer
Mr. Vilaysack Syvilay	Chief Finance Officer
Mrs. Souphachanh Khansyla	Head of International Banking
Ms. Nanthala Salichanh	Head of Markets
Mrs. Mukdalay Xayarath	Head of Talent & Culture
Mrs. Somvone Siaphay	Head of Compliance

Registered office Australia and New Zealand Banking Group Limited, Lao Branch
33 Lane Xang Avenue
PO Box 5001
Vientiane capital, Lao PDR

Auditor KPMG Lao Co.,Ltd.
10th Floor, Royal Square Office Building,
Samsenthai Road, Nongduong Nua Village,
Sikhotabong District, P.O.Box 6978,
Vientiane, Lao PDR
Tel +856 (21) 454240-7

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Management of Australia and New Zealand Banking Group Limited, Lao Branch 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 Branch as at 31 December 2020, and the statement of comprehensive income, statement of changes in Head Office's equity and statement of cash flows for year ended 31 December 2020 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 Branch 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 Branch will continue operations in the foreseeable future; and
- vi) Effectively control and direct the Branch and be involved in all material decisions affecting the Branch'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, Mrs. Carli Renzi, on behalf of the Board of Management, do hereby state that the financial statements set out on pages 5 to 31 present fairly, in all material respects, the financial position of the Branch as at 31 December 2020, and the statements of comprehensive income, changes in Head Office's equity 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,


Carli Renzi
Country Head



19 April 2021



KPMG Lao Co., Ltd.
10th Floor, Royal Square Office Building,
Samsenthai Road, Nongduong Nua Village,
Sikhotabong District, P.O.Box 6978,
Vientiane, Lao PDR
Tel +856 (21) 454240-7
Website home.kpmg/la

ບໍລິສັດ ເຄຟເອັມຈີລາວ ຈຳກັດ
ຊັ້ນ 10, ອາຄານ ໂຣໂຢລສະເຄລ
ຖະໜົນ ສາມແສນໄທ, ບ້ານ ໜອງດ້ວງເໜືອ,
ເມືອງ ສີໂຄດຕະບອງ, ຕູ້ ປ.ນ. 6978,
ນະຄອນຫຼວງວຽງຈັນ, ສປປ ລາວ
ໂທ: +856 (21) 454240-7
ເວັບໄຊ: home.kpmg/la

INDEPENDENT AUDITORS' REPORT

To: **The Senior Management Team of the Branch
ANZ Branch (Lao) Limited**

Opinion

We have audited the financial statements of Australia and New Zealand Banking Group Limited, Lao Branch, which comprise the statement of financial position as at 31 December 2020, the statements of comprehensive income, changes in Head Office's equity 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 Branch as at 31 December 2020 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 Branch in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence standards) ("IESBA Code") 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.

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



Auditors' Responsibilities for the Audit of the Financial Statements

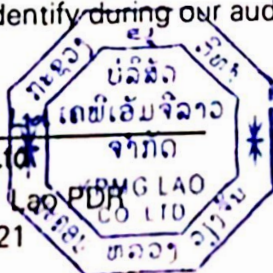
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Branch to cease to continue as a going concern.
- 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
Vientiane Capital, Lao PDR
Date: 19 April 2021



Australia and New Zealand Banking Group Limited, Lao Branch
Statement of financial position
For the year ended 31 December 2020

		2020	2019
	<i>Note</i>	LAK	LAK
Assets		<i>(in million)</i>	<i>(in million)</i>
Cash	4, 22	5.076	5.231
Interbank and money market items	5	500.263	572.859
Amounts due from head office and other branches	22	96.192	293.803
Amounts due from other banks	22	404.071	279.056
Statutory deposits with Central Bank	6	85.462	66.282
Loans and advances, net of specific Provision	7	525.486	379.300
Property and equipment	8	2.486	2.489
Right of use asset	9	5.444	6.786
Deferred tax asset	10	10	3.147
Other assets	11	11.284	12.291
Total assets		1.135.511	1.048.385

Australia and New Zealand Banking Group Limited, Lao Branch
Statement of financial position
For the year ended 31 December 2020

		2020	2019
	<i>Note</i>	LAK	LAK
		<i>(in million)</i>	<i>(in million)</i>
Liabilities, Capital and other reserves			
Liabilities			
Deposits from customers	12	732.138	501.952
Interbank and money market items			
Amounts due to other banks	13	9.234	81.479
Tax liabilities	14	2.659	4.817
Lease liabilities		5.243	6.518
Other liabilities	15	18.520	270.942
Total liabilities		767.794	865.708
Head Office's equity			
Branch capital	16	300.000	150.000
Legal reserve	17	9.600	3.081
General provision for credit activities		2.579	1.869
Retained earnings		55.538	27.727
Total Head Office's equity		367.717	182.677
Total liabilities and Head Office's equity		1.135.511	1.048.385

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

Australia and New Zealand Banking Group Limited, Lao Branch
Statement of comprehensive income
For the year ended 31 December 2020

	<i>Note</i>	1 January till 31 December 2020 <i>(in million)</i>	8 March till 31 December 2019 <i>(in million)</i>
Interest income			
Interest from loans and advances	18	19.772	12.977
Interest from interbank and money market items		581	3.388
Total interest income		20.353	16.365
Interest expense			
Interest on customer deposits	19	(2.053)	(1.045)
Interest on interbank and money market items		(425)	(2.237)
Interest on intercompany loan		(4.832)	(6.031)
Total interest expense		(7.310)	(9.313)
Net interest income		13.043	7.052
Fees and services income		5.274	3.701
Fees and services expenses		(393)	(397)
Fees and services income, net	20	4.881	3.304
Other income			
Gain on foreign exchange		56.775	17.227
Other income		668	1.535
Net gain from fixed assets disposal		59	51.958
Total other income		57.502	70.720
Income before non-interest expense, doubtful accounts and income tax expense		75.426	81.076
Operating expenses			
Personnel expenses		(12.511)	(11.864)
Premises, depreciation and amortization expenses		(2.845)	(908)
Other expenses		(15.290)	(15.652)
Provision for bad debts and doubtful loans and advances			
General		(710)	(716)
Specific		(4.653)	(11.247)
Total operating expenses		(36.009)	(40.387)
Profit before income tax expense		39.417	40.689
Income tax expense	21	(8.468)	(9.881)
Profit for the year		30.949	30.808

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

Australia and New Zealand Banking Group Limited, Lao Branch
Statement of changes in Head Office's equity
For the year ended 31 December 2020

	Branch Capital		Retained earnings		Legal reserve		General provision for credit activities		Total	
	LAK	(in millions)	LAK	(in millions)	LAK	(in millions)	LAK	(in millions)	LAK	(in millions)
Transferred on 8 March 2019	150.000		-		-		1.153		151.153	
Change in general provision	-		-		-		716		716	
Profit for the year	-		30.808		-		-		30.808	
Transfer to legal reserve	-		(3.081)		3.081		-		-	
Balance as at 31 December 2019 and 1 January 2020	150.000		27.727		3.081		1.869		182.677	
Transferred from the Subsidiary of ANZ Banking Group Limited	150.000		(43)		3.424		-		153.381	
Change in general provision	-		-		-		710		710	
Profit for the year	-		30.949		-		-		30.949	
Transfer to legal reserve	-		(3.095)		3.095		-		-	
Balance as at 31 December 2020	300.000		55.538		9.600		2.579		367.717	

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

Australia and New Zealand Banking Group Limited, Lao Branch

Statement of cash flows

For the year ended 31 December 2020

	<i>Note</i>	2020 <i>(in million)</i>	2019 <i>(in million)</i>
Profit before income tax expense		39,417	40,689
<i>Adjustments for</i>			
Interest income		(20,353)	(16,365)
Interest expense		7,310	9,313
Interest expense on lease liability		208	-
Allowance for doubtful debts		5,363	11,963
Depreciation and amortisation		2,845	908
Gain from fixed assets disposal		(59)	(51,958)
Profit/(Loss) from operations before change in operating assets and liabilities		34,731	(5,450)
<i>Change in operating assets / liabilities</i>			
Change in statutory deposits		(9,678)	(48,304)
Change in loan and advances		(150,839)	(389,394)
Change in other assets		874	(15,643)
Change in deposits from customers		230,185	501,953
Change in deposits from banks		80,000	81,478
Change in deposits to banks		(72,244)	(80,001)
Change in other liabilities		(251,625)	264,985
Interest received		20,485	16,571
Interest paid		(8,106)	(8,421)
Income tax paid		(7,488)	-
Net cash (used)/ generated from operating activities		(133,705)	317,774
<i>Cash flows from investing activities</i>			
Acquisition of property and equipment		(1,254)	(53)
Proceeds from disposal of assets		152	48,660
Net cash generated from investing activities		(1,102)	48,607
<i>Cash flows from financing activities</i>			
Payment of lease liabilities		(1,823)	(314)
Capital contribution		153,381	150,000
Net cash generated from financing activities		151,558	149,686
Net change in cash and cash equivalents		16,751	516,067
Cash and cash equivalents at 1 January		516,067	-
Cash and cash equivalents at 31 December	22	532,818	516,067

Australia and New Zealand Banking Group Limited, Lao Branch
Notes to the financial statements
For the year ended 31 December 2020

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

Australia and New Zealand Banking Group Limited, Lao Branch

Notes to the financial statements

For the year ended 31 December 2020

1 General information

Australia and New Zealand Banking Group Limited, Lao Branch (“The Branch”) is 100% foreign invested commercial branch 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 Branch was established under Business Operating License No. 05/BOL dated 21 January 2019 issued by the Bank of Lao P.D.R., Enterprise Registration Certificate No. 0213/ERO dated 18 February 2019 issued by the Enterprise Registration Office of the Ministry of Industry and Commerce and Investment License No. 007-19/MPI.IPD4 dated 22 May 2019 issued by the Ministry of Planning and Investment.

Partial assets and liabilities were transferred in ANZ branch from subsidiary of ANZ Banking Group Limited on 8th March 2019 at a net book value of 280bn LAK and these assets were financed through a loan facility of up to 40mn USD disbursed by the subsidiary, the remaining assets and liabilities were transferred on 30 September 2019.

ANZ Group injected a capital of 150bn LAK in cash which was used to repay an equivalent amount of loan to Subsidiary on 30 September 2019.

The branch paid back the remaining loan of 150bn LAK to subsidiary and same amount of capital was financed by ANZ group.

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

As at 31 December 2020, the Branch had 34 employees.

During 2020, there has been a change in members of the management as follows:

Management members resigned and appointed:

Name	Title	Date of Appointment/resignation
Mr. Rufus Pinto	Country Head	Contract ended from ANZ Laos 30 September 2020.
Mrs. Carli Renzi	Country Head	Appointed on 01 August 2020
Mr. Vilaysack Syvilay	Chief Finance Officer	Appointed on 01 June 2020

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 (“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 Branch.

Australia and New Zealand Banking Group Limited, Lao Branch
Notes to the financial statements
For the year ended 31 December 2020

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 Branch is 100% foreign invested commercial branch which was incorporated in the Lao PDR. The accompanying financial statements have been prepared from the records of the Branch and reflect only transactions recorded locally. The Branch 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 19 April 2021

(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 Branch.

(iii) Use of judgements and estimates

The preparation of the Branch'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.

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.

Information about assumption and estimation uncertainties at 31 December 2020 that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following note

Note 7: Loans and advances, net of specific provision

(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 comprehensive 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.

Australia and New Zealand Banking Group Limited, Lao Branch
Notes to the financial statements
For the year ended 31 December 2020

The applicable exchange rates for the LAK against currencies were:

	31 December 2020	31 December 2019
United State Dollar (“USD”)	9.252	8.842
Thai Baht (“THB”)	307	299.98
Euro (“EUR”)	11.326	9.836

(c) Fiscal Year

The Branch reporting period starts on 01 January and ends on 31 December.

3 Significant accounting policies

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

(a) Financial instruments

The Branch’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.

(c) Loans and advances

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

Credit Policy during COVID-19 Outbreak No. 238/ BOL dated 26 March 2020

During the year BOL issued a decision No 238/BOL dated 26 March 2020, the objective of which was to mitigate the adverse impact of COVID-19 on the financial situation of the borrowers.

This decision can be used for individual and legal entity who has obtained the loan from the Bank and whose business is impacted due to COVID-19.

1. Bank and financial institutions to provide the postponement on the loan repayment which includes both principal and interest payment, reduction of the interest rate, and fees for the client as reasonable.
2. Provide or disburse new Loan to clients who gets impacted from the COVID-19 to improve their business.

Australia and New Zealand Banking Group Limited, Lao Branch
Notes to the financial statements
For the year ended 31 December 2020

3. For commercial bank and institution that follow this agreement will be exempted on applying the Decision on debt classification and reduction of classified debt of commercial bank no. 512/BOL, dated 29 June 2018, and Regulation on loan classification and provision for Micro Finance Institution no 02/BOL, dated 04 Feb 2015, and agreement on Credit Cooperatives and saving deposit no. 03/BOL, dated 20 June 2008 as follow:

(1) For non non-performing loan customers impacted from the virus, the loan classification after the restructuring can be classified as same class before restructuring and the customer classified as non performing loan as at 1 January 2020 can be classified as Watchlist or Special Mention.

(2) The loan restructuring can be made for more than 2 times.

(3) The bank can provide or disburse new loans to clients who are impacted by the COVID-19 and classified as a bad loan from 1 Jan 2020 onward.

Measure:

1. Restructure the loan to a customer who gets impacted from COVID-19 by renewing the contract period, principal and interest repayment, interest rate to be in line with the ability to repayment of the customer. Also provide grace period for both principal and interest for 1 year or based on the agreement between bank and the customer.

2. Provide a new loan to the customer who is impacted from COVID-19, if they apply.

Regulation 512/BOL applicable from 1 October 2018

In accordance with Regulation 512/BOL (“BOL 512”) dated 29 June 2018 and effective from 1 October 2018, the Branch is required to classify loans and create provision for impairment losses. Accordingly, loans are classified into performing loans or Watch List or non-performing loans based on the payment arrears status and other qualitative factors. Loans classified as Normal or Pass (Group A) are considered as performing loans, loans classified as Watch or Special Mention (Group B) is considered as Watch List or Special Mention customers and loans classified as Substandard (Group C) or Doubtful (Group D) or Loss (Group E) are considered as non-performing loans.

According to BOL 512, general provision is created at the rate of 0,5% of the total balance of Normal or Pass loans as at the reporting date. Concurrently, specific provision for Watch or Special Mention, Substandard, Doubtful and Loss loans is established by multiplying the outstanding balance of each loan item less the value of collaterals (if any) in accordance with the regulation of BOL with the provision rates applicable to that loan classification as follows:

Classification	Number of days past due	Provision rate
Normal or Pass (A)	0-29 days	0,5%
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%

Maximum ratio of collateral benefits allowed under BOL 512 are as follows:

Australia and New Zealand Banking Group Limited, Lao Branch
Notes to the financial statements
For the year ended 31 December 2020

Type of collaterals	Maximum allowed ratio
(a) Deposits at the Bank	
- in the same currency with loans	100%
- in different currencies with those of loans	95%
(b) Gold kept at the Bank	90%
(c) Government bonds and BOL bonds	
- in the same currency with loans	
▪ With a remaining term of below 1 year	100%
▪ With a remaining term of between 1 year to 5 years	90%
▪ With a remaining term of over 5 years	80%
- in different currencies with those of loans	
▪ With a remaining term of below 1 year	95%
▪ With a remaining term of between 1 year to 5 years	85%
▪ With a remaining term of over 5 years	75%
(d) Deposits at other banks or financial institutions	
▪ With a remaining term of below 1 year	80%
▪ With a remaining term of between 1 year to 5 years	75%
▪ With a remaining term of over 5 years	70%
(e) Letter of Credit or Standby Letter of Credit	95%
(f) Letter of Guarantee or Bank Guarantee	90%
(g) Real estates	40%

Changes in provision for non-performing loans is recorded to the statement of comprehensive income as “Net provision charges for non-performing loans”. Accumulated specific provision reserve for non-performing loans is recorded in the statement of financial position in “Loans and advances to customers, net of specific provision for NPL”.

(e) Write-off

In accordance with BOL 512, loans are written off not later than 90 days after being classified to Loss group.

Loans written off are recorded as off-balance sheet items for following up and collection. The amounts collected from the loans previously written-off, including the proceeds from sales of collaterals against those debts, are recognised in the statement of comprehensive income upon receipt.

(f) Provision for off-balance sheet commitments

In accordance with BOL 512, the Branch is not required to make provision for off-balance sheet commitments, except where the Branch has made payment under the guarantee contract on behalf of its customers, in which case the payment is classified and provision for credit losses is made in accordance with the accounting policy as described in Note 3(d).

(g) Interbank and money market items

Interbank and money market items are carried at cost.

(h) Legal 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:

Australia and New Zealand Banking Group Limited, Lao Branch
Notes to the financial statements
For the year ended 31 December 2020

- 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 Branch is required to provide legal reserve at a rate of 10% on profit after deducting retained loss. The Branch can stop reserving when the legal reserve has reached up to 50 percentage of Registered Capital.

(i) 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 comprehensive 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 Branch. 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 comprehensive income on the date of retirement or disposal.

(v) Fully depreciated property and equipment is retained on the statement of financial position until disposed of or written off.

(j) 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, financial guarantees, facility approval fees, maintaining and administering existing facilities and others. Fee and commission income are recognized in to the statement of comprehensive income on cash basis.

Income from the various activities of the Branch 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;

Australia and New Zealand Banking Group Limited, Lao Branch
Notes to the financial statements
For the year ended 31 December 2020

- (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.

(k) Interest expense

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

(l) Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in statement of comprehensive income.

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 profitable year 2020, the Branch is subject to the current tax rate of 20% 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.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Branch 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.

(m) Provisions

A provision is recognized if, as a result of a past event, the Branch 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

Australia and New Zealand Banking Group Limited, Lao Branch
Notes to the financial statements
For the year ended 31 December 2020

at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(n) Related parties

Parties are considered to be related to the Branch 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 Branch 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.

(o) 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 Branch 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 Branch has no further obligation concerning post-employment benefits for its employees other than this

Termination benefits

In accordance with Article 82 of the Amended Labor Law issued by the President of Lao People's Democratic Republic on 24 December 2013, the Branch 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.

(p) Leases

The Branch assesses at the contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) Right-of-use assets

The Branch 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 remeasurement of lease liabilities. The cost of right-of-use assets include the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Australia and New Zealand Banking Group Limited, Lao Branch

Notes to the financial statements

For the year ended 31 December 2020

(ii) Lease liabilities

At the commencement date of the lease, the Branch 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 Branch and payments of penalties for terminating the lease, if the lease term reflects the Branch exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Branch uses incremental borrowing rate at the lease commencement date because 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

4 Cash

	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
Lao Kip ("LAK")	2.633	1.977
United States Dollar ("USD")	1.291	2.289
Thai Baht ("THB")	810	506
Others	342	459
	5.076	5.231

5 Amounts due from head office, other branches and from other banks

	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
Lao Kip ("LAK")	147.304	225.776
Other foreign currencies	352.959	347.083
	500.263	572.859

a) Domestic items

	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
At call	225.949	176.725
Term deposits	-	80.000
	225.949	256.725

Australia and New Zealand Banking Group Limited, Lao Branch
Notes to the financial statements
For the year ended 31 December 2020

b) Foreign items

	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
At call		
USD	167.941	7.795
THB	8.544	11.142
Others	5.305	5.394
	181.790	24.331

c) Term deposits

	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
At call		
USD	92.524	291.803
	92.524	291.803

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

6 Statutory deposits with Central Bank

	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
Statutory deposits:		
Compulsory	57.983	48.305
Demand deposits	27.479	17.977
	85.462	66.282

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 4% for LAK and 8% (2019: 5% and 10%), on a bi-monthly basis, of customer deposits having original maturities of less than 12 months. During the year, the Bank maintained its compulsory deposits in compliance with the requirements by the BoL.

The reserve percentages were revised by BOL through a letter 226/BOL dated 20 March 2020.

Australia and New Zealand Banking Group Limited, Lao Branch
Notes to the financial statements
For the year ended 31 December 2020

7 Loans and advances, net of specific provision

	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
Loans and receivables:		
Overdrafts	12.566	12.040
Loans	512.920	378.507
	525.486	390.547
Provision for bad debts and doubtful loans and advances:		
Specific	-	(11.247)
	525.486	379.300

a) Classified by residual maturity

	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
Within 1 year	401.119	265.572
Over 1 year	124.367	109.074
Non-performing loans	-	15.901
	525.486	390.547

b) Classified by currencies

	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
LAK	354.387	262.046
USD	171.099	128.501
	525.486	390.547

c) Classified by type of business

	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
Agriculture – Forestry	6.626	3.504
Commercial	124.291	133.369
Industry	12.178	24.460
Service	327.317	225.134
Transportation – Postal	55.074	4.080
	525.486	390.547

Australia and New Zealand Banking Group Limited, Lao Branch
Notes to the financial statements
For the year ended 31 December 2020

d) Classified by performance

	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
Normal or Pass	525.486	374.647
Non-performing loans	-	15.900
	525.486	390.547

e) Classified by interest rate (per annum)

	2020 %	2019 %
Loans		
LAK	4,25% - 6,25%	4,25% - 6,70%
USD	1,66% - 2,38%	3,40% - 5,50%
THB	N/A	3,40% - 5,50%

f) Specific Provision for credit activities

	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
Balance at beginning of the year	11.247	-
Provision made during the year	4.653	
Write off made during the year	(15.900)	11.247
Balance at end of the year	-	11.247

g) General Provision for credit activities

	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
Balance at beginning of the year	1.869	1.153
Foreign exchange translation	14	15
Provision made during the year	696	701
Balance at end of the year	2.579	1.869

8 Property and equipment

	Note	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
Capital work in progress		-	366
Intangible assets		-	74
Tangible fixed assets	8.1	2.486	2.049
Total		2.486	2.489

Australia and New Zealand Banking Group Limited, Lao Branch
Notes to financial statements
For the year ended 31 December 2020

8.1 Tangible fixed assets

	Leasehold improvement LAK (in millions)	Computer Hardware LAK (in millions)	Furniture and fixtures LAK (in millions)	Vehicles LAK (in millions)	Total LAK (in millions)
Cost					
Balance transfer from Subsidiary of ANZ Banking Group Limited	3,158	7,608	3,194	2,257	16,217
Additions during the year	-	53	-	-	53
Disposal during the year	-	-	-	(1,935)	(1,935)
Balance at 31 December 2019 and at 1 January 2020	3,158	7,661	3,194	322	14,335
Additions during the year	140	1,467	13	-	1,620
Disposal during the year	(1,066)	(1,452)	(1,235)	-	(3,753)
Balance at 31 December 2020	2,232	7,676	1,972	322	12,202
Accumulated depreciation					
Balance transfer from Subsidiary of ANZ Banking Group Limited	2,090	6,985	2,585	2,018	13,678
Depreciation for the year	82	128	97	1	308
Disposal during the year	-	-	-	(1,700)	(1,700)
Balance at 31 December 2019 and at 1 January 2020	2,172	7,113	2,682	319	12,286
Depreciation for the year	244	409	434	3	1,090
Disposal during the year	(1,000)	(1,446)	(1,214)	-	(3,660)
Balance at 31 December 2020	1,416	6,076	1,902	322	9,716
Net book value					
Balance transfer from Subsidiary of ANZ Banking Group Limited	1,068	623	609	239	2,539
At 31 December 2019 and 1 January 2020	986	548	512	3	2,049
At 31 December 2020	814	1,601	71	-	2,486

Australia and New Zealand Banking Group Limited, Lao Branch
Notes to the financial statements
For the year ended 31 December 2020

9 (a) Right-of-use asset

	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
Balance at 1 January	6.786	-
Addition during the year	340	6.833
Depreciation charge for the year	(1.682)	(47)
Balance at 31 December	5.444	6.786

(b) Amount recognized in statement of comprehensive income

	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
Interest on Lease Liability	208	-
Depreciation expense	1.682	47
Total	1.890	47

10 Deferred tax asset

	<u>(Charged) / Credited to:</u>		
	At 1 January 2020 LAK <i>(in millions)</i>	Statement of comprehensive income LAK <i>(in millions)</i>	At 31 December 2020 LAK <i>(in millions)</i>
<i>Deferred tax asset</i>			
Provisions	3.147	(3.147)	-
Others	-	10	10
	3.147	(3.137)	10

Australia and New Zealand Banking Group Limited, Lao Branch
Notes to the financial statements
For the year ended 31 December 2020

	Transfer from Subsidiary of ANZ Banking Group Limited LAK (in millions)	(Charged) / Credited to: Statement of comprehensive income LAK (in millions)	At 31 December 2019 LAK (in millions)
<i>Deferred tax asset</i>			
Provisions	278	2.869	3.147
Loss carry forward	8.086	(8.086)	-
	8.364	(5.217)	3.147

11 Other assets

	2020 LAK (in millions)	2019 LAK (in millions)
Accrued interest receivable	73	438
Prepayments	579	572
Other receivables	10.632	11.281
	11.284	12.291

12 Deposits from customers

a) **Classified by type of deposits**

	2020 LAK (in millions)	2019 LAK (in millions)
Current deposits	688.379	389.163
Savings deposits	2.473	1.966
Term deposits	34.816	104.492
Unclaimed deposit from retail customers*	6.470	6.331
	732.138	501.952

*These deposit includes unclaimed balances by retail customers as a result of closure of retail segment of ANZ Laos. These balances were approved by the BOL to move to unclaimed deposit for a period of 3 years after which they will be transferred to government treasury if the customer does not claim the balance.

Australia and New Zealand Banking Group Limited, Lao Branch

Notes to the financial statements

For the year ended 31 December 2020

b) Classified by currencies

	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
LAK	185.317	205.317
USD	518.917	283.936
THB	24.905	9.115
Others	2.999	3.584
	732.138	501.952

c) Interest rate (per annum)

	2020 %	2019 %
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% - 4,00%	2,00% - 4,00%
USD	0,25% - 2,00%	0,25% - 2,00%
THB	0,50% - 2,50%	0,50% - 2,50%

13 Amounts due to other banks

a) Classified by type of deposits

	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
At call	-	1.739
Term deposits	9.234	79.740
	9.234	81.479

b) Classified by residence

	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
Domestic	9.234	79.740
Foreign	-	1.739
	9.234	81.479

Australia and New Zealand Banking Group Limited, Lao Branch
Notes to the financial statements
For the year ended 31 December 2020

c) **Classified by currencies**

	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
USD	-	72,480
THB	9,234	8,999
	9,234	81,479

14 Tax liabilities

	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
Corporate tax	2,115	4,416
Value added tax	184	280
Withholding tax	2	18
Payroll tax	358	103
	2,659	4,817

15 Other liabilities

	<i>Note</i>	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
Deferred income		-	217
Payable to employees		204	666
Accrued interest payables		49	893
Loan payables – related parties	23	-	153,272
Other payables		18,267	115,894
		18,520	270,942

16 Branch capital

The movement of the Branch capital during the year is presented below:

	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
Balance as at 1 January	150,000	-
Transferred during the year from subsidiary of ANZ Banking Group Limited against loan payable*	150,000	150,000
Balance as at 31 December	300,000	150,000
Total Branch capital	300,000	150,000

*Refer note 1, which describes transfer of capital.

Australia and New Zealand Banking Group Limited, Lao Branch

Notes to the financial statements

For the year ended 31 December 2020

17 Legal reserve

The Legal reserve is provided for at the rate of at least 10% of profit for the year in accordance with the BOL regulations. The Branch recorded profit for the year of LAK 30.949 million so a legal reserve of 3.095 million was booked for the year ended 31 December 2020.

18 Interest income

	For year ended 31 December 2020 LAK <i>(in millions)</i>	8 March till 31 December 2019 LAK <i>(in millions)</i>
Interest from loans and advances		
Overdraft	686	177
Term loans	19.086	12.800
	19.772	12.977

19 Interest expense

	For year ended 31 December 2020 LAK <i>(in millions)</i>	8 March till 31 December 2019 LAK <i>(in millions)</i>
Interest from deposits		
Savings deposits	1.494	565
Term deposits	559	480
	2.053	1.045

20 Fees and service income, net

	For year ended 31 December 2020 LAK <i>(in millions)</i>	8 March till 31 December 2019 LAK <i>(in millions)</i>
Fee and service income		
Fees – Loan related	258	352
Fee Income – Current Account	91	4
International service fees	4.480	3.003
Fee income – other services	446	342
Total fees and service income	5.274	3.701
Fee and service expense		
Bank charges	(357)	(384)
Fee expense – Current Account	(36)	(13)
Total fee and service expense	(393)	(397)
Fees and service income, net	4.881	3.304

Australia and New Zealand Banking Group Limited, Lao Branch
Notes to the financial statements
For the year ended 31 December 2020

21 Income tax expense

Income tax recognized in statement of comprehensive income

		For year ended 31 December 2020	8 March till 31 December 2019
	Note	LAK (in millions)	LAK (in millions)
Current tax expense			
Current year		(5.172)	(4.664)
Prior year adjustments		(159)	-
Deferred tax expense			
Movements in temporary differences	10	(3.137)	(5.217)
Total income tax expense		(8.468)	(9.881)

Reconciliation of effective tax rate

		For year ended 31 December 2020	8 March till 31 December 2019
	Rate (%)	LAK (in millions)	Rate (%) LAK (in millions)
Profit before tax		39.417	40.689
Income tax using the Lao PDR corporation tax rate	20	(7.883)	(9.766)
Income not subject to tax		292	
Tax rate differential		(758)	
Prior years adjustments		(159)	
Others		40	(115)
Effective tax rate	21.48%	(8.468)	24% (9.881)

The corporate tax expense is calculated at 20% on taxable profit. The calculation of taxable income is subject to review and approval by the tax authorities.

22 Cash and cash equivalents

		2020 LAK (in millions)	2019 LAK (in millions)
Cash	5	5.076	5.231
Amounts due from BoL	6	27.479	17.977
Amounts due from head office and other branches		96.192	293.803
Amounts due from other banks		404.071	199.056
		532.818	516.067

Australia and New Zealand Banking Group Limited, Lao Branch
Notes to the financial statements
For the year ended 31 December 2020

23 Related party transactions

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

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

Significant transactions with related parties in statement of comprehensive income were:

Related party	Relationship	Transactions	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
Australian and NewZealand Bank - Singapore	Group entity	Interest received	320	459
Australian and NewZealand Bank - Singapore	Group entity	Interest Payable	93	-
ANZ Bank (Lao) Limited - Subsidiary	Subsidiary	Interest payable	4.832	1.234
Australian and NewZealand Bank - Melbourne	Head Office	Inter group expenses	7.396	1.691
Australian and NewZealand Bank - Manila Hub	Group entity	Intergroup expense	481	128
Australian and NewZealand Bank - Bangalor Hub	Group entity	Intergroup expense	448	118
ANZ Pacific Operations Limited	Group entity	Intergroup expense	-	29

Australia and New Zealand Banking Group Limited, Lao Branch
Notes to the financial statements
For the year ended 31 December 2020

Significant balances with related parties in On-Balance Sheet were:

Related party	Relationship	Transactions	31 December 2020 LAK <i>(in millions)</i>	31 December 2019 LAK <i>(in millions)</i>
Australian and New Zealand Bank - Singapore	Group entity	Assets - Placements	92.524	291.803
Australian and New Zealand Bank – Philippines Branch	Group entity	Assets – Other Assets	437	-
ANZ Bank (Lao) Limited – Subsidiary*	Subsidiary	Liabilities - Payable	-	152.287
Australian and New Zealand Bank - Melbourne	Head office	Liabilities - Payable	1.600	916
Australian and New Zealand Bank – Manila and Bangaluru Hub	Group entity	Liabilities - Payable	169	69

Remuneration to members of the Leadership Team is as follows:

	For year ended 31 December 2020 LAK <i>(in millions)</i>	8 March till 31 December 2019 LAK <i>(in millions)</i>
Salaries	8.141	4.868
Bonus	550	1.133
Other allowance	-	741
	8.691	6.742

24 Commitments

In the normal course of business, the Branch 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:

	2020 LAK <i>(in millions)</i>	2019 LAK <i>(in millions)</i>
Letters of guarantee outstanding	1.415	1.391
Letters of credit outstanding	68.939	10.775
Undrawn loans	708.210	756.702
	778.564	768.868

25 Subsequent event

As other than as disclosed elsewhere in these financial statements, at the date of this report, there were no events, which occurred subsequent to 31 December 2020 that significantly impacted the financial position of the Branch as at 31 December 2020.