

Saigon – Hanoi Bank Lao Limited

Financial Statements

For the year ended 31 December 2021



Saigon – Hanoi Bank Lao Limited

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Saigon – Hanoi Bank Lao Limited

GENERAL INFORMATION

THE BANK

Saigon - Hanoi Bank Lao Limited ("the Bank") is a 100% foreign bank which is incorporated and registered in Lao People's Democratic Republic ("Lao PDR") in accordance with the latest Business Registration Certificate No. 928/ERM dated 4 October 2018 granted by the Department of Enterprise Registration and Management - Ministry of Industry and the Banking Business License No. 41/BOL dated 18 December 2015 granted by Bank of the Lao PDR ("BOL"). The Bank was first established as a branch in Lao PDR of Saigon - Hanoi Commercial Joint Stock Bank in accordance with Banking Business License No. 29/BOL dated 14 August 2012 granted by Bank of the Lao PDR. The Branch was upgraded to an independent bank in accordance with the Approval Letter No. 87/BOL of Bank of the Lao PDR dated 19 March 2015 and the Approval Letter No. 2962/SBV of the State Bank of Vietnam dated 28 April 2014. On 15 January 2016, the Bank officially converted into Saigon - Hanoi Bank Lao Ltd.

As at 31 December 2021, the actual paid-up capital of the Bank is LAK 443,000,000,000 (as at 31 December 2020: LAK 404,921,000,000).

The principal activities of the Bank are to provide banking services including mobilizing and receiving short-term, medium-term, and long-term deposits from organizations and individuals; making short-term, medium-term, and long-term loans to organizations and individuals based on the nature and capability of the Bank's sources of capital; foreign exchange transactions, trade financial services and providing other banking services allowed by Bank of the Lao PDR.

The Bank is located at No. 44, Lanxang Avenue, Hatsady Village, Chanthabouly District, Vientiane Capital, Lao PDR. As at 31 December 2021, the Bank has 01 (one) branch unit in Champasak province, Lao PDR and 01 (one) branch unit in Savannakhet province, Lao PDR.

As at 31 December 2021, the Bank had 79 employees (31 December 2020: 84 employees).

BOARD OF DIRECTORS

Members of the Board of Directors during the year 2021 and at the date of this report are as follows:

<i>Name</i>	<i>Title</i>	<i>Date of appointment</i>
Mr. Nguyen Van Le	Chairman	Appointed on 15 November 2017
Mr. Pham Viet Dan	Member	Appointed on 15 November 2017
Mr. Nguyen Dinh Duong	Member	Appointed on 15 November 2017
Mr. Quach Thanh Long	Member	Appointed on 15 November 2017
Mr. Vu Anh Tuan	Member	Appointed on 15 November 2017

Saigon – Hanoi Bank Lao Limited

GENERAL INFORMATION (continued)

MANAGEMENT

Members of the Management during the year 2021 and at the date of this report are as follows:

<i>Name</i>	<i>Title</i>	<i>Date of appointment/resignation</i>
Mr. Vu Anh Tuan	General Director	Reappointed on 30 July 2020
Mr. Dang Tuan Nghia	Standing Deputy Director of Champasak Branch	Reappointed on 01 October 2021
Mr. Le Vu Lam	Deputy Director of Savannakhet Branch	Reappointed on 15 August 2021
Mr. Lam Quoc The	Standing Deputy Director of Savannakhet Branch	Reappointed on 15 August 2021
Ms. Nguyen Thi Huong Xen	Chief Accountant	Resigned on 01 August 2021
Ms. Nguyen Thi Kim Thoa	Chief Accountant	Appointed on 01 August 2021
Ms. Nguyen Thi Hang Nga	Interim Head of Accountant & Treasury Department	Appointed on 14 January 2022

LEGAL REPRESENTATIVE

The legal representative of the Bank during the year ended 31 December 2021 and at the date of this report is Mr. Vu Anh Tuan – General Director.

AUDITOR

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

Saigon – Hanoi Bank Lao Limited

REPORT OF MANAGEMENT

Management of Saigon – Hanoi Lao Limited (“the Bank”) is pleased to present this report and the financial statements of the Bank for the year ended 31 December 2021.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management is responsible for the financial statements of each financial year which give a true and fair view of the financial position of the Bank and of its operational results and its cash flows for the year. In preparing those financial statements, management is required to:

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

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

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

STATEMENT BY MANAGEMENT

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

For and on behalf of Management:

A blue circular stamp with Lao text and "SAIGON-HANOI BANK LAO LIMITED" is overlaid with a handwritten signature in blue ink.

Mr. Vu Anh Tuan
General Director

Vientiane Capital, Lao PDR

31 March 2022

Reference: 61379036/22842028-LAS

INDEPENDENT AUDITORS' REPORT

To: The Owner of Saigon – Hanoi Bank Lao Limited

Opinion

We have audited the financial statements of Saigon – Hanoi Bank Lao Limited ("the Bank"), which comprise the statement of financial position as at 31 December 2021, the income statement, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditors' 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 (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in Lao PDR, and we have fulfilled our other ethical responsibilities in accordance these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

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

Our opinion is not modified in respect of this matter.

Responsibilities of the Bank's Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with 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.



Vientiane Capital, Lao PDR

22 April 2022

Saigon – Hanoi Bank Lao Limited

INCOME STATEMENT
for the year ended 31 December 2021

Code	ITEMS	Notes	2021 LAK	2020 LAK
A.	OPERATING INCOME AND EXPENSES			
1	Interest and similar income	3	113,639,393,501	101,345,637,954
2	Interest and similar expense	3	(44,337,721,005)	(41,426,858,245)
I.	NET INTEREST AND SIMILAR INCOME	3	69,301,672,496	59,918,779,709
3	Fee and commission income	4	6,257,414,836	5,259,215,459
4	Fee and commission expenses	4	(38,394,101)	(78,505,491)
5	Net loss from dealing in foreign currencies	5	(3,413,824,970)	(804,492,384)
II.	NET OPERATING INCOME		72,106,868,261	64,294,997,293
B	OTHER INCOME AND EXPENSES			
6	Other operating income	6	2,541,119,740	1,867,264,808
7	Administration expenses		(17,748,982,443)	(20,156,321,290)
7.1	Payroll and other staff costs	7	(13,224,568,200)	(15,678,090,152)
7.2	Other administrative expenses	8	(4,524,414,243)	(4,478,231,138)
8	Depreciation and amortization charges	14	(1,934,318,760)	(2,218,572,808)
9	Other operating expenses	9	(2,326,627,085)	(368,256,552)
10	Provision for non-performing loans	13.2	(7,622,508,340)	(9,300,301,027)
III.	TOTAL PROFIT BEFORE TAX		45,015,551,373	34,118,810,424
11	Current profit tax	19.2	(9,003,110,274)	(6,823,762,084)
IV.	PROFIT AFTER TAX		36,012,441,099	27,295,048,340

Prepared by:



Ms. Nguyen Thi Hang Nga
Interim Head of Accountant &
Treasury Department



Mr. Vu Anh Tuan
General Director

Vientiane Capital, Lao PDR

31 March 2022

Saigon – Hanoi Bank Lao Limited

STATEMENT OF FINANCIAL POSITION as at 31 December 2021

Code	ASSETS	Notes	31/12/2021 LAK	31/12/2020 LAK
I	Cash and balances with Bank of the Lao PDR ("the BOL")		126,939,688,929	103,813,729,577
1	Cash on hand	10	11,639,966,592	9,141,516,881
2	Balances with the BOL	11	115,299,722,337	94,672,212,696
II	Due from other banks		614,928,123,983	463,061,173,431
1	Demand deposits	12.1	511,391,123,983	424,507,173,431
2	Term deposits	12.2	103,537,000,000	38,554,000,000
III	Loans to customers, net of specific provision for credit activities	13	1,056,028,111,793	973,400,415,352
IV	Fixed assets and right-of-use assets		7,101,234,871	8,458,186,766
1	Intangible fixed assets	14.1	-	-
2	Tangible fixed assets	14.2	1,660,259,298	1,897,544,842
3	Right-of-use assets	14.3	5,440,975,573	6,560,641,924
V	Other assets		336,331,972,947	278,185,528,108
1	Accrued interest receivables	15.1	14,049,919,968	9,792,930,632
2	Profit tax receivable		51,340,445	38,362,248
3	Other assets	15.2	322,230,712,534	268,354,235,228
	TOTAL ASSETS		2,141,329,132,523	1,826,919,033,234

Saigon – Hanoi Bank Lao Limited

STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2021

Code	LIABILITIES AND CAPITAL	Notes	31/12/2021 LAK	31/12/2020 LAK
I	Due to other financial institutions	16	992,797,600,246	915,213,984,488
1	Demand deposits		1,118,521,105	-
2	Term deposits		991,679,079,141	915,213,984,488
II	Due to customers	17	289,500,971,043	152,061,441,993
1	Demand deposits		62,730,306,128	48,824,562,035
2	Saving deposits		5,637,675,544	7,974,048,449
3	Term deposits		221,132,989,371	95,262,831,509
III	Other liabilities		28,074,853,166	49,948,749,844
1	Accrued interest payables	18	5,846,431,673	10,584,246,768
2	Taxes payable	19.1	878,581,671	3,275,914,299
3	Other liabilities	20	20,057,394,930	34,886,037,593
4	Payable to lease		1,292,444,892	1,202,551,184
	TOTAL LIABILITIES		1,310,373,424,455	1,117,224,176,325
IV	Capital and reserves			
1	Contributed capital		443,000,000,000	404,921,000,000
2	Other capital		307,377,784,000	255,080,392,000
3	Legal reserve		14,032,902,636	10,431,658,526
4	Business expansion fund		8,778,229,061	6,048,724,227
5	General provision for credit activities	13.2	5,051,532,780	3,910,195,720
6	Retained earnings		52,715,259,591	29,302,886,436
	TOTAL CAPITAL		830,955,708,068	709,694,856,909
	TOTAL LIABILITIES AND CAPITAL		2,141,329,132,523	1,826,919,033,234

Saigon – Hanoi Bank Lao Limited

STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2021

Code	OFF BALANCE SHEET ITEMS	Notes	31/12/2021 LAK	31/12/2020 LAK
I	Commitments given			
A	Commitments for financing given		20,945,000	-
1	Commitments for financing given to customers		20,945,000	-
B	Commitments for guarantees given		56,789,320,000	-
1	Commitments for guarantees given to customers		56,789,320,000	-
	TOTAL COMMITMENTS GIVEN		56,810,265,000	-
II	Collaterals and Mortgages			
A	Collaterals and Mortgages for loans		3,368,045,457,282	3,269,830,291,174
1	Collaterals and Mortgages for loans to customers		3,368,045,457,282	3,269,830,291,174
	TOTAL COLLATERALS AND MORTGAGES		3,368,045,457,282	3,269,830,291,174

Prepared by:



Ms. Nguyen Thi Hang Nga
Interim Head of Accountant &
Treasury Department

Approved by:



Mr. Vu Anh Tuan
General Director

Vientiane Capital, Lao PDR

31 March 2022

Saigon – Hanoi Bank Lao Limited

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2021

	Contributed capital LAK	Other capital(*) LAK	Regulatory reserve fund LAK	Business expansion fund LAK	General provision for credit activities LAK	Retained earnings LAK	Total LAK
As at 1 January 2021	404,921,000,000	255,080,392,000	10,431,658,526	6,048,724,227	3,910,195,720	29,302,886,436	709,694,856,909
Profit transfer to HO	-	-	-	-	-	(6,269,319,000)	(6,269,319,000)
Net profit for the year	-	-	-	-	-	36,012,441,099	36,012,441,099
Appropriation to regulatory reserves for the year	-	-	-	-	-	(3,601,244,110)	-
Appropriation to Business expansion fund	-	-	3,601,244,110	-	-	(2,729,504,834)	-
Net general provision for credit activities during the year	-	-	-	2,729,504,834	-	-	-
Paid up capital during the year(**)	38,079,000,000	-	-	-	1,141,337,060	-	1,141,337,060
Foreign exchange difference	-	52,297,392,000	-	-	-	-	52,297,392,000
As at 31 December 2021	443,000,000,000	307,377,784,000	14,032,902,636	8,778,229,061	5,051,532,780	52,715,259,591	830,955,708,068

(*) This represents the amount of money that the Bank borrowed from the Parent Bank to buy the land use right (Note 15.2). The Bank recorded this amount as other capital as instructed by the BOL in the Letter No.197/AFD dated 14 May 2014. The amount is revaluated using exchange rates as at reporting dates in accordance with Letter No.237 dated 17 May 2016 by the BOL.

(**) Paid up capital during the year includes 34,846,440,138 LAK which is the profit that has not been transferred to Saigon Hanoi Commercial Joint Stock Bank for the years 2018, 2019 and 3,232,559,862 LAK which is transferred by Saigon Hanoi Commercial Joint Stock Bank.

Prepared by:



Ms. Nguyen Thi Hang Nga
Interim Head of Accountant & Treasury
Department

Vientiane Capital, Lao PDR



Approved by:
MR. Vu Anh Tuan
General Director

31 March 2022

Saigon – Hanoi Bank Lao Limited

STATEMENT OF CASH FLOWS for the year ended 31 December 2021

	Notes	2021 LAK	2020 LAK
Net profit before tax		45,015,551,373	34,118,810,424
<i>Adjustments for:</i>			
Depreciation and amortization expenses		1,934,318,760	2,218,572,808
Provision expense for credit losses	13.2	9,594,142,002	8,609,196,689
Interest income		(113,639,393,501)	(101,345,637,954)
Interest expense		44,337,721,005	41,426,858,245
Loss on disposals of assets		385,467	-
Operating profit before changes in operating assets and liabilities		(12,757,274,894)	(14,972,199,788)
(Increase)/decrease in operating assets			
Balances with other banks		(46,854,525,304)	34,131,639,022
Loans and advances to customers		(91,080,501,383)	(12,870,545,295)
Other assets		(53,889,455,503)	(1,583,328,454)
Increase/(decrease) in operating liabilities			
Amount due to other banks		77,583,615,758	151,960,955,928
Due to customers		137,439,529,050	45,302,855,714
Other liabilities		37,599,498,773	(3,565,313,042)
Interest received		109,382,404,165	95,391,582,665
Interest paid		(49,075,536,100)	(33,405,605,820)
Profit tax paid during the year	19.2	(11,441,298,630)	(6,287,133,245)
Net cash flows from operating activities		96,906,455,932	254,102,907,685
INVESTING ACTIVITIES			
Purchase and construction of fixed assets	14	(519,982,332)	(61,330,484)
Payments to acquire Right of asset		(57,870,000)	-
Proceeds from disposals of assets		100,000	2,426,786
Net cash flows used in investing activities		(577,752,332)	(58,903,698)
FINANCING ACTIVITIES			
Profit transferred to the Parent Bank		(6,269,319,000)	-
Proceeds from raising capital		38,079,000,000	-
Net cash flows from financing activities		31,809,681,000	-
Net change in cash and cash equivalents		128,138,384,600	254,044,003,987
Cash and cash equivalents at the beginning of the year		518,175,576,127	264,131,572,140
Cash and cash equivalents at the end of the year	21	646,313,960,727	518,175,576,127

Prepared by:



Ms. Nguyen Thi Hang Nga
Interim Head of Accountant &
Treasury Department

Vientiane Capital, Lao PDR

31 March 2022

Approved by:




Mr. Vu Anh Tuan
General Director