

ANNUAL REPORT 2023



- General overview of Indochina Bank
- The organizational structure
- Products and Services and Partnerships

- Financial Report ●
- Corporate Social Responsibility and IB's activities ●
- Business Unit Network ●

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PART 1

General overview of Indochina Bank

1.1. Corporate Information

Bank Name	: Indochina Bank Ltd
Registration No.	: 53/BOL, 28th November 2008
Chairman	: Ms. Thavone Vongsombath
Managing Director	: Ms. Chanpheng Vongsombath
Registered Office	: 1 st – 3 rd Floor, Kolao Tower 1, 23 Singha Road, Vientiane Capital, Lao PDR
Contact Numbers	: Tel: +856 21 455 000-2, Fax: +856 21 455 111
Website	: www.indochinabank.com



1.2. Corporate Background

The Indochina Bank Ltd. ("IB") is a locally incorporated commercial bank with foreign ownership. The Bank was incorporated in the Lao People's Democratic Republic ("Lao PDR") on May 26, 2008, in accordance with Foreign Investment License No. 070-08/PI issued by the Ministry of Planning and Investment and Banking Business License No. 53/BOL issued by the Bank of the Lao People's Democratic Republic ("BOL") on November 28, 2008.

Indochina Bank officially commenced its business on February 6, 2009, in Vientiane Capital. The Bank's shareholders comprise of reputable individuals with a strong and stable financial background.

Indochina Bank was one of the very first banks in Laos to introduce automobile loans in the market and hence has enjoyed its first-mover advantage, which reflects on its success today. With the continuous growth in business and customer base, the bank has steadily transformed itself into a more digitalized bank, with more advanced products being rolled out. It has always striven for more innovative product propositions. IB Cool Banking Application was introduced to the market in November 2020. Over the last 15 years, in pursuit of sustainable success and highest customer satisfaction, Indochina Bank has already established an extensive service coverage network in key provinces from the north to the south of Laos, namely Vientiane Capital, Luangnamtha, Oudomxay, Xiengkhouang, Luangprabang, Khammouan, Bolikhamxay, Savannakhet, and Champasack.

The Bank's strategy remains focused on organic growth, with emphasis on the right combination between retail and corporate banking. The bank is committed to sustaining its strong business performance and leading private banking market shares to maintain its premier status in the Laos banking industry.

As a responsible corporate citizen, Indochina Bank is committed to its corporate social responsibility initiatives which focus on building of prosperous nation, enhancing the marketplace, promoting the workplace, and conserving the environment. The bank supports the community by participating in programs involving education and health care, as well as supporting the underprivileged. The bank will continue to seek out ways to enrich the lives of those around it by doing its part for the community.

1.3. Vision of the Bank

Indochina Bank is moving forward to establish a strong foothold in the country by making the most of the steady economic growth of the Lao People's Democratic Republic. The vision of the bank is:



To be the
No.1 private bank in Laos
in terms of business growth, customer service, products,
profit as well as branding, and continually enhancing its
service to meet customer's highest level of satisfaction.

Chairman's Message

Dear shareholders and customers,

I'm excited to give you the annual report for our bank for 2023, a year that saw significant growth and accomplishments. Notwithstanding the obstacles presented by the worldwide economic environment, we have maintained our tenacity and dedication to our objective of delivering outstanding financial services to our customers.

The global economy experienced a gradual recovery in 2023, subsequent to the cessation of restrictions and reopening of borders by various nations. Concurrent with the improvement in consumer demand and business sentiment, inflationary pressures increased. Central banks worldwide implemented a succession of swift increases in interest rates. For Lao economy, a strong recovery occurred in 2023, propelled by strong domestic demand and international trade.

Indochina Bank has maintained its commitment to innovation, customer satisfaction, and sustainable growth throughout the entire year. By consistently embracing novel technologies and enhancing our digital portfolio, we have been able to augment our customer service capabilities and effectively respond to the ever-changing demands of the market.

I am delighted to disclose that our bank has showed remarkable progress, as evidenced by substantial yearly expansion in critical indicators including deposits, loans, and profitability. The achievement serves as evidence of the diligence and tenacity exhibited by our staff, whose consistent pursuit of excellence has played a pivotal role in propelling our development.

IB has remained committed to providing our customers with the highest quality service imaginable. Our ongoing investments in personnel, infrastructure, and technology have facilitated the provision of an improved customer experience. Our steadfast dedication to innovation and profound comprehension of our customer's requirements have enabled us to sustain our position as an industry leader in banking.

We maintain our forward-looking objectives of delivering sustainable value to our shareholders and making positive contributions to the economic growth of the communities we operate in. We remain confident in our capacity to further establish a prosperous and sustainable future for our bank as we confront the forthcoming obstacles and prospects.

To conclude, I wish to extend my heartfelt appreciation to our stakeholders, including our shareholders, customers, IB family, and partners, for their ongoing confidence and steadfast backing of Indochina Bank. We shall persistently endeavor to achieve excellence and surpass our previous achievements in the coming years.

I wish you continued growth and success!
Yours sincerely,



Thavone Vongsombath
Chairman



Managing Director's Message

It gives me great pleasure to present to you Indochina Bank's 2023 annual report. As the Managing Director of Indochina Bank, I am happy to say that the bank has continued to progress and grow over the past year, despite the many challenges posed by the post-pandemic and the overall economic environment.

We, as a bank, stand for integrity, transparency, and customer-centricity. These values have been at the core of our operations since inception, and we have strived to maintain them in all our interactions with our customers and stakeholders.

We believe that banking is not just about transactions but also about building relationships with our customers, understanding their needs, and providing them with the best solutions that meet their financial objectives. With this approach, we have been able to build a loyal customer base that trusts us for their financial requirements.

However, in 2023, the country has faced with several external headwinds that could derail the recovery, especially the Russia-Ukraine conflict, which has affected the production sector and commodity prices, particularly energy prices. This, in turn, led to cost-push inflation and resulted in the rising interest rate trend due to tightening monetary policy in many countries around the world, including Laos.

Consequently, amidst the fragile economic environment, we have been committed to strengthening our risk management processes and improving our operational efficiencies. We believe that a strong risk management framework is essential for ensuring the safety and soundness of the bank, and we have implemented various measures to identify and mitigate potential risks. In addition to that, we also continue to emphasize prudent business direction, ensuring that the bank has a strong financial position and is well-prepared for business growth and potential economic challenges going forward.



In the past year, our bank experienced a significant increase in loans, with a 46% growth in loan balances. Strong demand for both commercial and consumer loans drove this growth. Furthermore, our deposit growth grew, with a 55% increase in deposit balances. Additionally, our credit quality remained strong, with low levels of non-performing loans and a stable allowance for loan losses. Overall, our lending and deposit activities remain resilient and continue to support our overall financial performance.

Looking ahead, we have also invested much more in technology to streamline our processes and reduce operational costs. This has not only helped us to improve our efficiency but has also enabled us to provide our customers with faster and more reliable services. Moreover, we understand that our success is closely linked to the success of our customers, and we are committed to being along with them in their journey towards financial prosperity.

On behalf of Indochina Bank, I would like to express my sincere gratitude to all our stakeholders for their unwavering support and faith in us. We remain committed to delivering value to all our customers, shareholders, and stakeholders, and we look forward to your continued support in our journey towards excellence.

A stylized, handwritten signature in black ink, belonging to Chanpheng Vongsombath. The signature is fluid and cursive, with a prominent loop at the end.

Chanpheng Vongsombath
Managing Director

1.4. Management Discussion and Analysis

General overview of the year 2023

Global economic overview

Global real GDP is projected to grow by 3.2% in 2023, is projected to continue at the same pace in 2024 and 2025. The projection for 2024 is revised up by 0.1 percentage point from the January 2024 WEO Update, and by 0.3 percentage point with respect to the October 2023 WEO forecast. Nevertheless, the projection for global growth in 2024 and 2025 is below the historical (2000–19) annual average of 3.8 percent, reflecting restrictive monetary policies and withdrawal of fiscal support, as well as low underlying productivity growth. Advanced economies are expected to see growth rise slightly, with the increase mainly reflecting a recovery in the euro area from low growth in 2023, whereas emerging market and developing economies are expected to experience stable growth through 2024 and 2025, with regional differences.

Emerging market and developing economies are projected to have a modest decline in growth from 4.1 percent in 2022 to 4.0 percent in both 2023 and 2024. Elevated central bank interest rates to fight inflation and a withdrawal of fiscal support amid high debt weigh on economic activity. Inflation is falling faster than expected in most regions, amid unwinding supply-side issues and restrictive monetary policy. Global headline inflation is expected to fall to 5.8 percent in 2024 and 4.4 percent in 2025, with the 2025 forecast having been revised down.

Lao economic overview

The Lao economy has continued its recovery in 2023, with GDP growth forecast at 3.7%, up from 2.7% in 2022. Improved performance in tourism, transport and logistics services, and foreign investment has contributed to the recovery. However, growth is lower than previously expected, mainly because of the falling value of the kip, inflation, labour shortages, and unfavourable weather. Inflation has increased consumption costs, reduced household spending on food, education, and health, and depleted savings.

While the global prices of some imported goods have eased, inflation remains high in Laos, reaching 24% in the year to December 2023. Food price inflation stood at 29%.

Banking sector in Laos

The banking landscape in Laos has witnessed a significant digital transformation, with 17 banks already introducing mobile banking applications and 15 banks joining the Lao QR system (LAPNet). Furthermore, BOL has taken steps to enhance cross-border payment mechanisms, launching a QR payment linkage with Cambodia in August 2023 and planning similar initiatives with Thailand and Vietnam in early 2024. These developments underscore the evolving and dynamic nature of the banking sector in Laos, reflecting both the industry's technological advancements and its response to shifting regulatory and market conditions.

1.5. Highlights of the Business Performance of Indochina Bank 2023

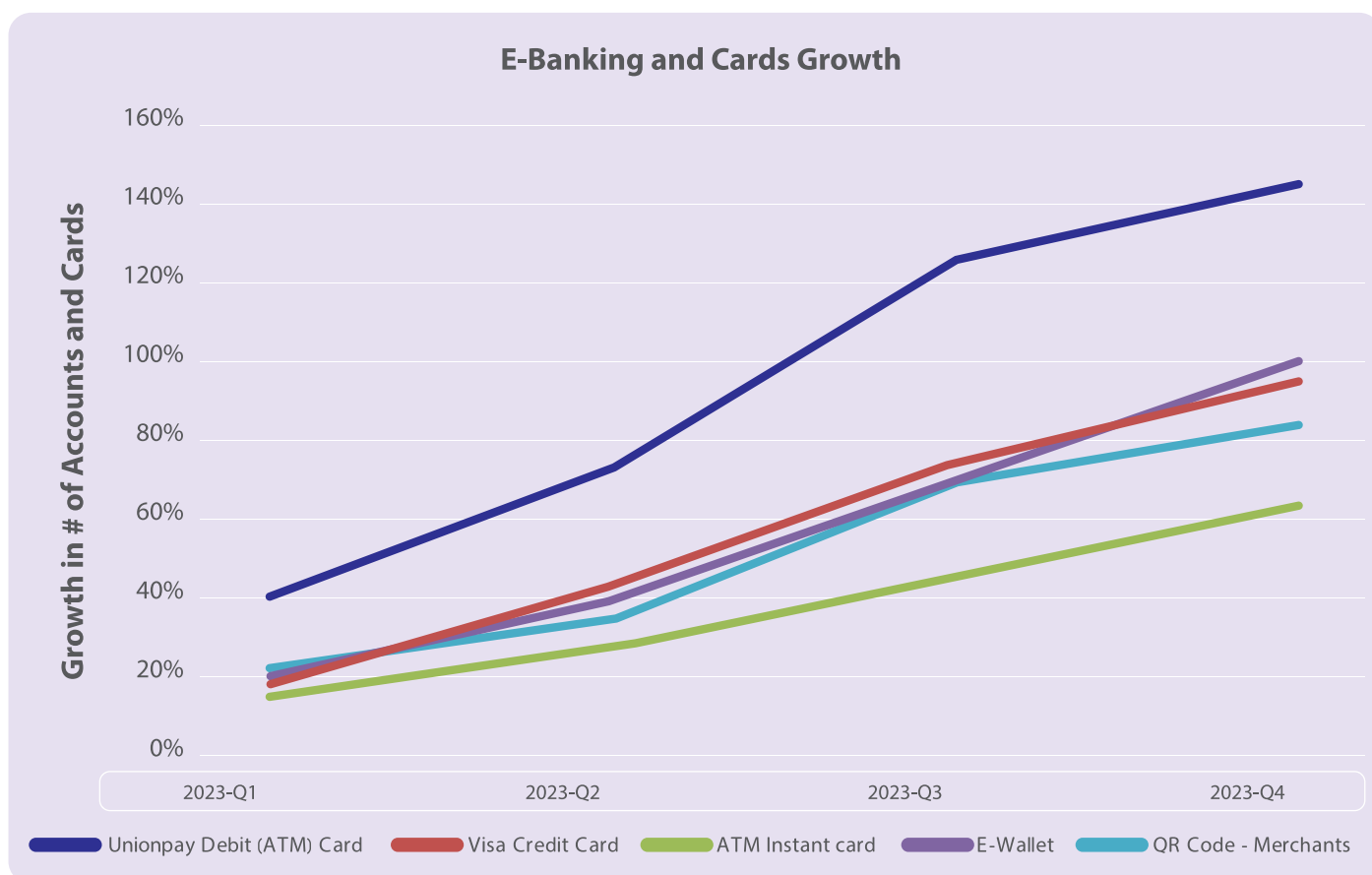
IB demonstrated a strong financial performance in 2023. Despite the challenging macroeconomic conditions in the country, IB continued to expand its customer base and investment opportunities, improving profitability and ensuring liquidity.

IB continues to engage customers with new products, using its digital platforms, labour loans to aid workers aiming to work abroad, etc., while offering competitive interest rates on both new and existing loan/ deposit products and keeping zero to low fees on various products and platforms to aid our customers and provide more options in satisfying their financial needs.

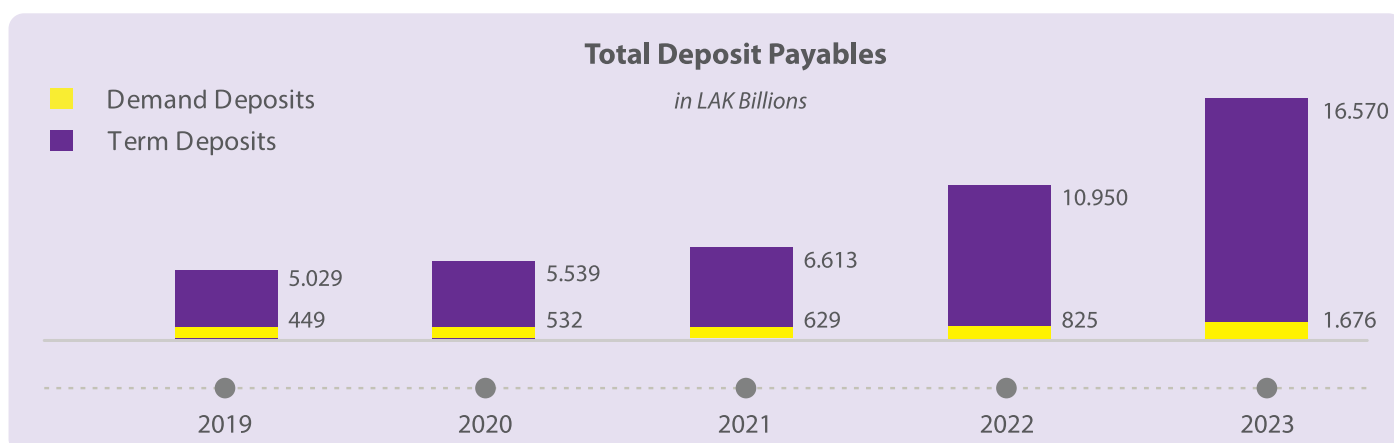
We are proud to have received the trust and loyalty of our customers. Our progressing and increasing growth across all banking products serves as evidence of this – including loans, deposits and digital and electronic banking, and will continue to provide top-notch customer service and maintain long-term relationships.

Deposits and E-banking products

The bank experienced steady growth in deposits, digital banking and card products over the past year, reflecting continued confidence from our customers.

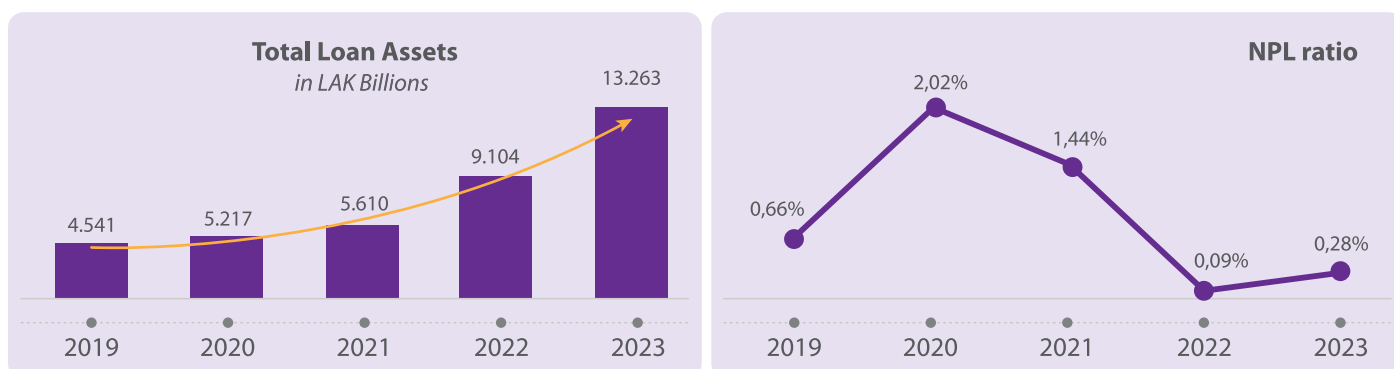


Card products, wallet and QR code accounts increased by 61% to 143% for the past year, as the Bank continues its commitment in expanding digital offering to customers.



Total deposits increased by 55% from the previous year, reaching a record-high amount of LAK 18,246 billion. Our emphasis on offering competitive interest rates and top-notch customer service, as well as targeted marketing initiatives to draw in new depositors, were the driving forces behind this growth. We remain committed to maintaining a strong and stable deposit base, which is vital to our long-term success and ability to meet the financing needs of our community.

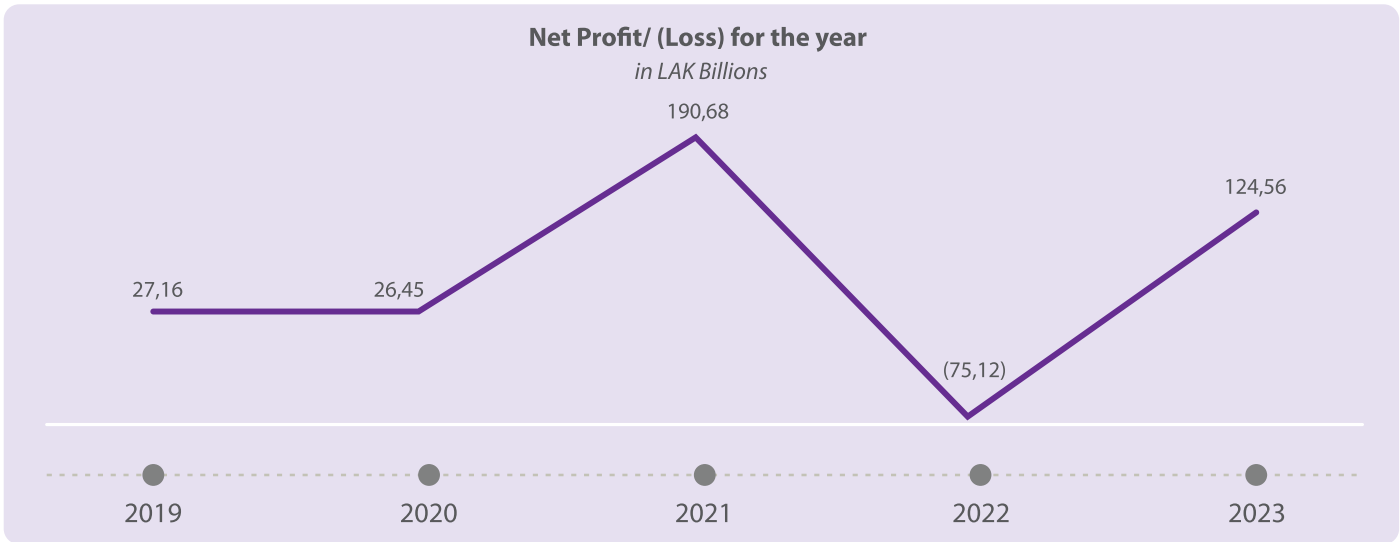
Loan



The bank's loan portfolio continued to demonstrate resilience and growth in the past year. Total loan disbursements increased by 46%, reaching a total of LAK 13,263 billion. This growth reflects our commitment to providing accessible and competitive financing options to our customers, as well as our prudent risk management practices. Our diverse range of loan products, including residential mortgages, small business loans, and commercial real estate financing, have enabled us to meet the varied needs of our community. Additionally, our focus on credit quality and proactive loan monitoring has contributed to a low delinquency rate and strong asset quality. As we move forward, we remain dedicated to responsible lending practices while seeking opportunities for further expansion and diversification of our loan portfolio.

Profit

IB Bank still delivers a profitable performance in 2023, which is relatively on par with 2022. To be able to sustain profitability amid more stringent risk management measures is considered a reasonable achievement for the bank. A net profit of LAK124.56 billion for the fiscal year ending December 31, 2023, which represents an 266% increase from the previous year, driven by strong growth in interest income and fee-based services.



Plan and Business objective of Indochina Bank 2024

The bank’s plan for 2024 is focusing on improving the customer experience by investing in technology, core banking, and digital channels, such as enhancing the mobile app. IB aims to grow its deposit portfolio and loan portfolio by targeting new sectors, particularly small and medium-sized enterprises (SMEs), and expanding its product offerings. IB will continue to strengthen its risk management framework by implementing best practices, improving monitoring capabilities, and ensuring compliance with regulatory requirements. Additionally, IB will expand its digital banking services, explore partnerships with other companies, and optimize its workforce and cost structure to improve efficiency. Finally, IB will prioritize employee engagement by fostering a culture of diversity, inclusion, and innovation, including training and development programs, performance-based incentives, and a focus on work-life balance, to achieve our goals and drive sustainable growth over the long term.

Our strategy

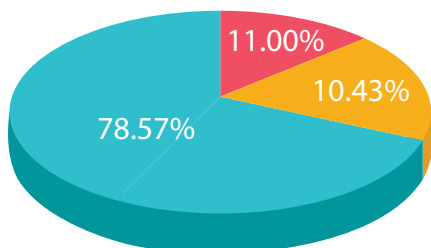
At our bank, our 2024 strategy is centred around driving growth and enhancing the customer satisfaction through a multi-faceted approach. In the area of lending, we aim to expand our loan portfolio by offering competitive loan products and streamlining our approval processes to provide timely access to funding for our customers. In term of deposits, we will involve attracting and retaining a strong deposit base by offering attractive interest rates, convenient banking solutions, and personalized services to meet the savings and investment needs of our customers.

Embracing digital innovation is a key pillar of our strategy, as we are committed to enhancing our digital banking platform to provide a seamless and intuitive banking experience. We will invest in advanced digital technologies to improve our online and mobile banking capabilities, enabling customers to easily manage their accounts, conduct transactions, and access financial services anytime, anywhere.

PART 2

The organizational structure

2.1. List of shareholders



No.	Name of shareholders	Percentage
1	Mr. Oh Sei Young (Korean)	78.57%
2	LVMC Investment Ltd.	11.00%
3	Ms. Thavone Vongsombath	10.43%
Total:		100.00%

2.2. Board of Directors

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



Ms. Thavone Vongsombath Chairperson

Ms. Thavone Vongsombath is considered one of the most outstanding businesswomen in the country. She started her career right after her university degree in 1999 when she joined Kolao Business as an executive assistant. She has been a major driving force behind the success of many businesses including Kolao Group. Thanks to her strong entrepreneurship and charisma as a leader, she is now holding a position of president at Kolao Group.



Mr. Jang Woojin Vice Chairman

Mr. Jang Woo Jin graduated from Shandong University, China. Holding a Bachelor's Degree in Economics, he has been working in the financial industry since 2013. He was a Chief Financial Officer of a private company in Myanmar for 4 years before moving to Laos where he continued to manage the business of Auto World (Kolao Developing) Co.,Ltd with the position of CFO. He joined Indochina Bank on October 1, 2020, and is now the head of the bank's credit division.



Mr. Bounheng SOUPHIDA Member

Mr. Bounheng graduated from Flinders University, Australia with a Master's degree in Business Administration. He started off his banking career with Public Bank in 1998 before joining ANZ in 2007 and Indochina Bank in 2014 and presently he is the Deputy Managing Director of the Indochina Bank.



Mrs. Phouvanh Phudphong Member

Mrs. Phouvanh obtained her diploma in Business Administration from Pakpasak Technical College in 1998. She also completed the CPA course in 2002. She is currently the Director of Vientiane International Co, Ltd.



Mr. Voradeth PHANPHENGDY Member

Mr. Voradeth earned a Bachelor of Economics (Honours) and a Graduate Diploma in Computer Science from La Trobe University, Australia. His passion is banking, where he has worked on technology, disaster recovery planning, business continuity planning, market initiatives, and numerous product, technology, and people transformation projects. He joined Indochina Bank in 2019 and is the bank's Deputy Managing Director at present.

2.3. Board of Management

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

Name	Title	Date of Appointment
Ms. Chanpheng Vongsombath	Managing Director	Appointed on 01 January 2021
Mr. Bounheng Souphida	Deputy Managing Director	Appointed on 01 January 2019
Mr. Voradeth Phanphengdy	Deputy Managing Director	Appointed on 01 January 2022
Mr. Jeong Gwang Seok	Deputy Managing Director	Appointed on 01 January 2022
Mr. Jang Woo Jin	Head of Credit Division	Appointed on 01 June 2023
Ms. Hong Phanith	Head of Management Support Division	Appointed on 01 June 2023
Mr. Inpone Bounkhamprasong	Head of Tech & Enablement Division	Appointed on 01 June 2023
Ms. Phandany Phothisane	Head of Sales Division	Appointed on 01 June 2023

2.4. Other Committees

1. Governance Committee

Name	Position	Date of Appointment
Mr. Oh Sei Young	Chairperson	Appointed on 01 January 2023
Ms. Thavone Vongsombath	Member	Appointed on 01 January 2023
Ms. Chanpheng Vongsombath	Member	Appointed on 01 January 2023
Mr. Jang Woo Jin	Member	Appointed on 01 January 2023
Mr. Voradeth Phanphengdy	Member	Appointed on 01 January 2023

2. Audit Committee

Name	Position	Date of Appointment
Ms. Phouvanh Phudphong	Chairperson	Appointed on 01 January 2023
Ms. Chanpheng Vongsombath	Member	Appointed on 01 January 2023
Mr. Bounheng Souphida	Member	Appointed on 01 January 2023
Mr. Voradeth Phanphengdy	Member	Appointed on 01 January 2023
Ms. Hong Phanith	Member	Appointed on 01 January 2023

3. Risk Management Committee

Name	Position	Date of Appointment
Mr. Bounheng Souphida	Chairperson	Appointed on 01 January 2023
Ms. Chanpheng Vongsombath	Member	Appointed on 01 January 2023
Mr. Voradeth Phanphengdy	Member	Appointed on 01 January 2023
Ms. Malayphone Saksathith	Member	Appointed on 01 January 2023
Mr. Inpone Bounkhamprasong	Member	Appointed on 01 January 2023
Ms. Phandany Phothisane	Member	Appointed on 01 January 2023
Ms. Hong Phanith	Member	Appointed on 01 January 2023

4. Loan Committee

Name	Position	Date of Appointment
Ms. Chanpheng Vongsombath	Chairperson	Appointed on 01 January 2023
Mr. Jang Woo Jin	Member	Appointed on 01 January 2023
Mr. Bounheng Souphida	Member	Appointed on 01 January 2023
Mr. Voradeth Phanphengdy	Member	Appointed on 01 January 2023

5. HR Committee

Name	Position	Date of Appointment
Ms. Hong Phanith	Chairperson	Appointed on 01 January 2023
Ms. Chanpheng Vongsombath	Member	Appointed on 01 January 2023
Mr. Voradeth Phanphengdy	Member	Appointed on 01 January 2023
Mr. Bounheng Souphida	Member	Appointed on 01 January 2023
Mr. Jang Woo Jin	Member	Appointed on 01 January 2023



ORGANIZATION STRUCTURE



PART 3

Products and Services and Partnerships

3.1. Products

ສະແກນຈ່າຍດ້ວຍ

Cool Pay

- ✓ ສະດວກສະບາຍ
- ✓ ປອດໄພ ໃຊ້ກຽວວັນ
- ✓ ສິດທິປະໂຫຍດທີ່ເໝືອກວ່າ
- ✓ ໄດ້ລາງວັນທັງຜູ້ຊື້ ຜູ້ຂາຍ

ສະແກນໂຄ້ດ QR ສະແກນຈ່າຍດ້ວຍ

021 455 000

ໂອນເງິນຂ້າມທະນາຄານ

ໂອນໄປ ໂອນກັບ

ກໍ່ເຮັດໄດ້ໂດຍງ່າຍ

LAP Net

ຜ່ານແອັບ IB Cool ໃນມືຖືຂອງທ່ານ

- ✓ ໂອນໄວ
- ✓ ໂອນງ່າຍ
- ✓ ຄ່າທຳນຽມຕ່ຳ

ທະນາຄານທີ່ສາມາດໂອນເງິນຂ້າມທະນາຄານທາກັນໄດ້

021 455 000

ກູ້ງ່າຍ ກູ້ໄວ

ດອກເບ້ຍຕ່ຳ

ຜ່ອນລົດໄຟຟ້າ

ກັບທະນາຄານອິນໂດຈິນ

- ✓ ຄ່າທຳນຽມຕ່ຳ ອະນຸມັດໄວ
- ✓ ໄລຍະຜ່ອນຍາວ ສູງເຖິງ 12ປີ
- ✓ ເອກະສານງ່າຍ ບໍ່ຫຍຸ້ງຍາກ
- ✓ ດອກເບ້ຍ ຫຼຸດຕາມຕົ້ນທຶນ

EV

021 455 000

ເຮືອນໃນຝັນ ເປັນຈິງໄດ້

ດ້ວຍສິນເຊື່ອເພື່ອທີ່ຢູ່ອາໄສຂອງທະນາຄານອິນໂດຈິນ

ໄລຍະກູ້ສູງເຖິງ

30

ປີ

021 455 000

ຝາກເງິນ ດອກເບ້ຍສູງ

ກັບບັນຊີເງິນຝາກປະຈຳ
ແບບຮັບດອກເບ້ຍໃນມື້ຄືບກຳນົດ

ດອກເບ້ຍສູງ



• ອຸ່ນໃຈ • ປອດໄພ



ເປີດບັນຊີ
ເງິນຝາກປະຢັດ
FREE

ຟຣີ ປະກັນໄພອຸບັດຕິເຫດສ່ວນບຸກຄົນ
ວົງເງິນຄຸ້ມຄອງສູງເຖິງ **10,000\$**



ໃຫ້ບັດ **VISA** ພາໄປ
ພຽງບັດດຽວ ທ່ຽວໄດ້ທົ່ວໂລກ

ບັດດຽວເທົ່ານັ້ນ
ທີ່ໃຫ້ຄະແນນກັບທ່ານ
ສະສົມແລກຂອງລາງວັນ

FREE

FREE ຄ່າສະໜັກບັດ
FREE ຄ່າທ່ານຽມລາຍປີ
IB VISA CREDIT



**IB ເຈດີ
ເພີ່ມໄດ້**

+1%

ສຳລັບລູກຄ້າເກົ່າ
ທີ່ຝາກຄືບ ເປີດຂຶ້ນໄປແລ້ວຝາກຕໍ່



ທ່ອງທ່ຽວ ສະບາຍໃຈ

ໃຊ້ໄດ້ທົ່ວໂລກ ດ້ວຍ IB UnionPay Card



ນຳໃຊ້ລະບົບຄວາມປອດໄພ ແບບ 3D Secured
ທະນາຄານທຳອິດໃນລາວ.



ນຳໃຊ້ໄດ້ຫຼາຍກວ່າ 63ລ້ານຈຸດຄ້າ
ໃນ 180 ປະເທດທົ່ວໂລກ.



ນຳໃຊ້ ບິດ ຮ່ວມໂບນັດ ແລະ ຟ່ອນຫຼຸດ
ຈາກຮ້ານຄ້າຊື່ນນຳທົ່ວໂລກ.



021 455 000
www.indochinabank.com



ເປັນຫຍັງຈຶ່ງຕ້ອງເປັນ ລະບົບການຊຳລະສະສາງ ຂອງທະນາຄານອິນໂດຈີນ

Why Indochina Bank Payment gateway solution?



Web & Mobile Compatible

IB-PG ສາມາດຮອງຮັບການເຊື່ອມຕໍ່ໄດ້ທັງ Website eCommerce ຫຼື Application

High availability

ລະບົບມີຄວາມສະຖຽນລະພາບສູງ ຮອງຮັບນຳໃຊ້ຕະຫຼອດ 24/7

Transaction Management

ມີລະບົບບໍລິຫານຈັດການທຸລະກຳ ສຳລັບຮ້ານຄ້າ

PCI compliance

ໄດ້ມາດຕະຖານຄວາມປອດໄພ PCI DSS

Local & International Payment

ຮອງຮັບການຊຳລະເຄື່ອງມືການຊຳລະພາຍໃນ ແລະ ເຄື່ອງມືການຊຳລະສາກົນ

Generate Offline Invoicing and EMI

ມີລະບົບຮ້ອງຂໍ Invoice ແບບ Offline

Chargeback Management

ມີລະບົບຂໍ້ຮຽກເກັບເງິນຄືນຊຳ ໃນກໍລະນີເກີດຄວາມຜິດພາດ

Consolidated Reporting

ມີລະບົບລາຍງານ Online ສຳລັບຮ້ານຄ້າ

3.2. Partnerships

Signing Ceremony Strategic Partnership for Education Loan



Signing Ceremony Strategic Partnership for SME Lao to Hybrid E-Commerce



The signing ceremony of the memorandum of understanding on technical cooperation projects



Signing Ceremony on Insurance payment via online system IB Cool



The official launch of the World of Indochina bank VISA Infinite



3.3. VIP Department

VIP Appreciation Dinner 2023





ຍິນດີຕ້ອນຮັບທ່ານເຂົ້າສູ່ ພະແນກລູກຄ້າຊັ້ນໜຶ່ງ

WELCOME TO VIP DEPARTMENT

"enhancing your value"



- 2009 and 2010 the Bank was audited by KPMG Lao Co., Ltd
- 2011 to 2017 the Bank was audited by Ernst & Young Lao Ltd
- 2018 to 2022 the Bank was audited by KPMG Lao Co., Ltd
- 2023 the Bank was audited by Ernst & Young Lao Ltd

4.2. Audited Financial Reports

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of Indochina Bank Limited

Opinion

We have audited the financial statements of Indochina Bank Limited ("the Bank"), which comprise the statement of financial position as at 31 December 2023, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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

Our opinion is not modified in respect of these matters.

Other Matter

The financial statements of the Bank for the year ended 31 December 2022 were audited by another audit firm which expressed an unmodified opinion on those financial statements on 23 June 2023.

Responsibilities of the Bank's Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with 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.

Ernst & Young Lao Co., Ltd

Ernst & Young Lao



Vientiane, Lao PDR
3 June 2024

INCOME STATEMENT

for the year ended 31 December 2023

Code	ITEMS	Notes	2023 mLAK	2022 mLAK
A.	OPERATING INCOME AND EXPENSES			
1.	Interest and similar income	3	1,022,612	776,331
2.	Interest and similar expense	3	(985,741)	(672,848)
I.	NET INTEREST AND SIMILAR INCOME		36,871	103,483
3	Fee and commission income	4	78,465	85,895
4	Fee and commission expense	4	(7,858)	(1,208)
II.	Net fee and commission income		70,607	84,687
	NET OPERATING INCOME		107,478	188,170
B	OTHER INCOME AND EXPENSES			
5	Net loss from dealing in foreign currencies	5	(86,232)	(179,709)
6	Other operating income	6	20,946	57,078
7	Administration expenses		(162,222)	(122,898)
7.1	Payroll and other staff costs	7	(109,607)	(80,226)
7.2	Other administration expenses	8	(52,615)	(42,672)
8	Depreciation and amortization charges		(11,615)	(9,512)
9	Other operating expenses	9	(43,520)	(27,414)
10	Provision charged for non-performing loans	15.2	(2,467)	(25,604)
B	OTHER INCOME AND EXPENSES			
11	Share of (loss)/profit of associates	14	(3,202)	5,428
12	Net change in fair value of equity instrument investment	13.2	309,023	39,339
III.	TOTAL PROFIT/(LOSS) BEFORE TAX		128,189	(75,122)
11	Current profit tax	23.2	-	-
12	Defer tax expense	23.3	(3,625)	-
	NET PROFIT/(LOSS)		124,564	(75,122)

STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

Code	ASSETS	Notes	31/12/2023 mLAK	31/12/2022 Restated mLAK
I	Cash and balances with the BOL		3,648,215	2,074,758
1	Cash on hand	10	348,872	205,154
2	Balances with the BOL	11	3,299,343	1,869,604
II	Due from other banks		648,404	268,641
1	Demand deposits	12.1	578,820	268,641
2	Term deposits	12.2	69,584	-
III	Investment securities		1,518,755	1,104,520
1	Held to maturities	13.1	613,980	515,400
2	Equity instrument investment	13.2	847,627	538,604
IV	Investment in associates		57,148	50,516
V	Loans to customers, net of specific provision	15.1	13,246,688	9,100,736
VI	Fixed assets and Right-of-use assets		162,409	143,160
1	Intangible asset	16.1	4,814	2,170
2	Construction in progress	16.2	3,334	845
3	Property and equipment	17.1	30,308	15,917
4	Right-of-use assets	17.2	123,953	124,228
VII	Other assets		1,280,828	711,382
1	Accrued interest receivable	18	620,454	78,364
2	Defer tax asset		2,555	-
3	Other assets	19	657,819	633,018
	TOTAL ASSETS		20,505,299	13,403,197

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

Code	LIABILITIES AND CAPITAL	Notes	31/12/2023 mLAK	31/12/2022 mLAK
I	Due to banks and financial institutions	20	242,721	177,703
1	Demand and saving deposits		20,998	10,326
2	Term deposits and other payables		221,723	167,377
II	Due to customers	21	18,667,594	12,065,599
1	Demand deposits		369,610	118,609
2	Saving deposits		1,285,416	695,851
3	Term deposits		16,348,253	10,782,220
4	Other payable to customers		664,315	468,919
III	Other liabilities		778,418	496,414
1	Accrued interests payable	22	663,231	415,764
2	Lease liabilities	17.2	33,191	30,516
3	Taxes payable	23.1	-	25
4	Defer tax liability	23.3	16,953	-
5	Other payable	24	65,043	50,109
	TOTAL LIABILITIES		19,688,733	12,739,716
IV	Capital and reserves			
1	Paid-up capital	25	517,932	477,000
2	Regulatory reserve		65,135	52,679
3	General provision	15.2	65,725	45,060
4	Retained earnings		165,037	86,005
5	Reserve for expanding business		332	332
6	Other Reserve		2,405	2,405
	TOTAL CAPITAL		816,566	663,481
	TOTAL LIABILITES AND CAPITAL		20,505,299	13,403,197



Ms Chanpheng Vongsombath

Managing Director

Vientiane, Lao PDR, 31 May 2024

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

	mLAK						
	Paid-up Capital mLAK	Legal Reserve mLAK	General provision for credit activities mLAK	Retained earnings mLAK	Reserve for business expansion mLAK	Other reserves	Total
Balance as at 31 December 2021	453,000	52,679	26,758	171,608	306	-	704,351
Capital injection during the year from shareholders	24,000	-	-	-	-	-	24,000
Net loss for the year	-	-	-	(75,122)	-	-	(75,122)
Transfer to business expansion fund	-	-	-	(26)	26	-	-
Transfer to other reserves	-	-	-	(2,405)	-	2,405	-
General provision charged for the year	-	-	(18,320)	-	-	-	(18,320)
Dividend distributable to shareholders	-	-	-	(8,050)	-	-	(8,050)
Foreign exchange difference	-	-	36,622	-	-	-	36,622
Balance as at 31 December 2022	477,000	52,679	45,060	86,005	332	2,405	663,481
Capital injection during the year from shareholders	40,932	-	-	-	-	-	40,932
Net gain for the year	-	-	-	124,564	-	-	124,564
Legal reserve	-	12,456	-	(12,456)	-	-	-
Defer tax adjustment	-	-	-	(10,772)	-	-	(10,772)
Prior year's tax advance adjustment	-	-	-	(22,304)	-	-	(22,304)
General provision charged for the year	-	-	12,170	-	-	-	12,170
Foreign exchange difference	-	-	8,495	-	-	-	8,495
Balance as at 31 December 2023	517,932	65,135	65,725	165,037	332	2,405	816,566

STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

ITEMS	Notes	2023 mLAK	2022 mLAK
Cash flows from operating activities			
Net profit/(loss) before tax		128,189	(75,122)
Adjustments for:			
Depreciation and amortization expenses		11,615	9,512
Provision for credit losses	15.2	14,162	7,284
Interest income		(1,022,612)	(776,331)
Interest expense	3	985,741	672,848
Share of (loss)/profit of associates	14	3,202	(5,428)
Gain on subsequent measurement of equity instrument designation at FVTPL	13.2	(309,023)	(39,339)
Operating loss before changing in operating assets and liabilities		(188,726)	(206,576)
(Increase)/decrease in operating assets			
Balances with other banks		(657,733)	32,665
Loans and advances to customers		(4,160,114)	(3,527,839)
Other assets		(146,432)	(120,889)
Increase/(decrease) in operating liabilities			
Due to other banks		65,018	125,210
Due to customers		6,601,997	4,643,422
Other liabilities		42,758	(52,183)
Profit tax paid during the year		(11,849)	(6,091)
Interest received		480,520	723,445
Interest paid		(738,272)	(541,483)
Net cash flows from operating activities		1,287,167	1,069,681
Cash flows from Investing activities			
Payments to acquire property and equipment		(24,293)	(5,919)
Acquisition of ROU		(6,319)	(340)
Investment in Associate	14	(2,000)	(4,000)
New investment in securities		-	(515,400)
Net cash flows used in investing activities		(32,612)	(525,659)
Cash flows from Financing activities			
Dividends paid		-	(8,050)
Capital contribution	25	40,932	24,000
Net cash flows from financing activities		40,932	15,950
Net change in cash for the year		1,295,487	559,972
Cash and cash equivalents at the beginning of year		2,055,223	1,495,251
Cash and cash equivalents at the end of year	26	3,350,710	2,055,223

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

1. CORPORATE INFORMATION

Establishment and operations

Indochina Bank Ltd. ("the Bank") is a foreign owned, locally incorporated commercial bank. The Bank was incorporated in Lao People's Democratic Republic ("Lao P.D.R") under Banking Business License No.53/BOL granted by Bank of LAO P.D.R on 28 November 2008 and under a Foreign Investment License No.217-11/PI granted by the Ministry of Planning and Investment on 31 August 2011.

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

Paid-up capital

The actual paid-up capital as at 31 December 2023 is LAK 517,932,000,000 (31 December 2022: 477,000,000,000).

Location

The Bank's Head Office is located at 1 - 3 Floor, Kolao Tower, 116, 23 Singha Road, P.O Box 6029, Nongbone Village, Saysettha District, Vientiane Capital, Lao PDR. As at 31 December 2023, the Bank has 1 Head office, 2 branches, 9 services units in Lao PDR.

Employees

Total employees of the Bank as at 31 December 2023 were 258 people (31 December 2022: 244 people).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance

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

2.2. Basis of preparation

The Bank prepared its financial statements in millions of Lao Kip ("mLAK") in accordance with Decree No. 02/PR by the Prime Minister of Lao PDR dated 22 March 2000 and the Accounting Law of Lao PDR and the regulations stipulated by Bank of the Lao PDR relevant to the preparation and presentation of the financial statements ("LAS").

The accompanying financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Lao PDR. Accordingly, the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes thereto are not designed for those who are not informed about Lao PDR's accounting principles, procedures and practices and furthermore are not intended to present the financial position of the Bank and the results of its operations and its cash flows in accordance with accounting principles and practices generally accepted in countries other than Lao PDR.

Fiscal year

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

2.3. Changes in accounting policies

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

2.4. Recognition of interest income and expenses

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

The recognition of accrued interest income is suspended when the loans becoming non-performing (See Note 2.10) for the definition of non-performing loans) or when management believes that the borrower has no ability to repay the interest and principal. Interest income on such loans is only recorded in the income statement upon actually received.

2.5. Recognition of fee and commission

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

Fee and commissions are recognized into income statement on accrual basis.

2.6. Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprise cash on hand, non-restricted current accounts with the BOL and amounts due from banks on demand or with an original maturity of three months or less.

2.7. Investment in securities

Convertible bond

Convertible bond are initially recognised at cost and subsequently presented at cost. Interest income on convertible bonds are recognized in the income statement on accrual basis using the straight-line method with nominal interest rate stipulated in the bond purchase agreement.

Convertible bonds is converted to equity shares of the issuing company at the predetermined conversion price or redeem the bonds at their face value. These bonds only give rights to the Bank and not an obligation to convert into shares.

Periodically, convertible bonds are subject to review for impairment. Provision for impairment of these bonds is made when there has been a significant or prolonged decline in the fair value below their cost. Provision for impairment is recognized as "Net gain/(loss) from convertible bond in the income statement".

Equity instrument investment

Equity instrument investment include listed equities. Listed equities are measured at fair value through profit or loss.

The Bank uses closing price of the stock as at the last business day of the year to determine fair value of the investments and recorded subsequent change in fair value in profit or loss.

2.8. Investment in associates

The Bank has an interest in associates in which the Bank holds 20 per cent or more of the voting right in the investee and has significant influence but does not have control over the financial and operating policies.

The Bank recognises its interest in the associates using the equity method. Under the equity method, the investment in associates is initially recognised at cost in the statement of financial position, and the carrying amount is increased or decreased to recognise the Bank's share of profit or loss of the investee after the date of acquisition. Dividend received from an investee reduce the carrying amount of the investment.

2.9. Loans to customers

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

2.10. Classification of and provision for credit activities

Loan classification

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

Provision

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

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

- (i) Provision amount is calculated by the following formulas:
 - a. General provision = Provision rate x Loan outstanding balance
 - b. Specific provision = Provision rate x (Loan outstanding balance – discounted value of collateral)
- (ii) The balance of provision for loans classified into Group A is recorded in the balance sheet in “General provision” under capital and reserves of the Bank.

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

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

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

2.11. Fixed assets

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

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

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

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

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

2.12. Lease

Right-of-use assets

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

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

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

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

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

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

The Bank as a lessee

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

2.13. Depreciation and amortization

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

Tangible fixed assets:

Building & improvement	10%
Office equipment	20%
Furniture & fixtures	20%
Motor vehicles	20%
IT Equipment	20%
Intangible fixed assets:	
Software	20%

2.14. Other receivables

Other receivables include receivable from selling of bad debts to Lanexang leasing company limited. The receivable is recognised at cost and presented at outstanding balance as at the reporting date. Other receivables are not subjected for impairment review.

2.15. Reserves

Under the requirement of the Law on commercial Bank dated 17 July 2023, commercial banks are required to appropriate net profit to following reserves:

- Regulatory reserve fund
- Business expansion fund and other funds




In accordance with Article 154, Enterprise Law dated 29 December 2022, the Branch is required to appropriate 10% of profit after tax each year to regulatory reserve fund. When this reserve fund reaches 50% of the registered capital, the Branch may suspend such provision, unless otherwise provided by the laws.

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

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

2.16. Foreign currency transactions

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

		31/12/2023 mLAK	31/12/2022 mLAK
 United State Dollar (“USD”)		20,466.00	17,180.00
 Thai Baht (“THB”)		639.22	498.00
 Euro (“EUR”)		22,618.00	18,194.00

2.17. Profit tax

Current tax

The Bank is obliged to pay profit tax at rate of 20% of total profit before tax in accordance with the new Tax Law No.67/NA dated 18 June 2019 which is effective on or after 1 January 2020. Accordingly, the Bank is subject to the tax rate of 20% for the year ended 31 December 2023 (2022: 20%). The Bank’s tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations in many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities. In case there is change in tax obligation as requested by tax authorities, the Bank makes adjustment for the amount changed into income statement if the change due to current year tax obligation and into retained earning if the change relating to previous years tax obligation.

Deferred tax

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

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

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

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

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

2.18. Employee benefit

Post-employment benefits

Post-employment benefits are paid to retired employees of the Bank by the Social Security Fund Department which belongs to the Ministry of Labor and Social Welfare. The Bank is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at an amount equivalent to 6% of employee's basic salary on a monthly basis.

Additionally, each month the Bank contributes 6% and each employee contributes 4% of the employee's monthly basic salary into the staff provident fund. The maximum monthly contribution by the Bank per employee is 500 USD. The benefit is available to each employee in full amount after surpassing a ten-year mandatory period or each employee's total contribution plus interest earned in his/her account if the employee resigns before the mandatory period.

The Bank has no further obligation concerning post-employment benefits for its employees other than this.

Termination benefits

In accordance with Article 82 of the Amended Labour Law No. 43/NA approved by the President of the Lao People's Democratic Republic on 28 January 2014, the Bank has the obligation to pay allowance for employees who are terminated by dismissal in the following cases:

- The employee lacks specialised skills or is not in good health and thus cannot continue to work;
- The employer considers it necessary to reduce the number of workers in order to improve the work within the labour unit.

For the termination of an employment contract on any of the above-mentioned grounds, the employer must pay a termination allowance which is calculated on the basis of 10% of the last salary or wage multiplied by the total number of months worked. As at 31 December 2023, there are no employees of the Bank who were dismissed under the above-mentioned grounds; therefore the Bank has not made a provision for termination allowance in the financial statements.

PART 5

Corporate Social Responsibility and IB's activities

Blood Donation Campaign



The 68th victory anniversary of Blood Donation Campaign



Social program – Ban Nammoung School, Longxarn district, Xaysomboun province



Social program – Ban Houayxay School, Mounlapamok district



Social program – Vientiane Capital Special Education School



Social program - Sikeud Vocational School for the Disabled



Social program – Lao Disabled Women Development Center



Social program



Annual health check-up of Indochina Bank staff



Happy Lao New Year



Running and jogging parade in honor of the 55th anniversary of the Bank of Lao PDR's establishment



PART 6

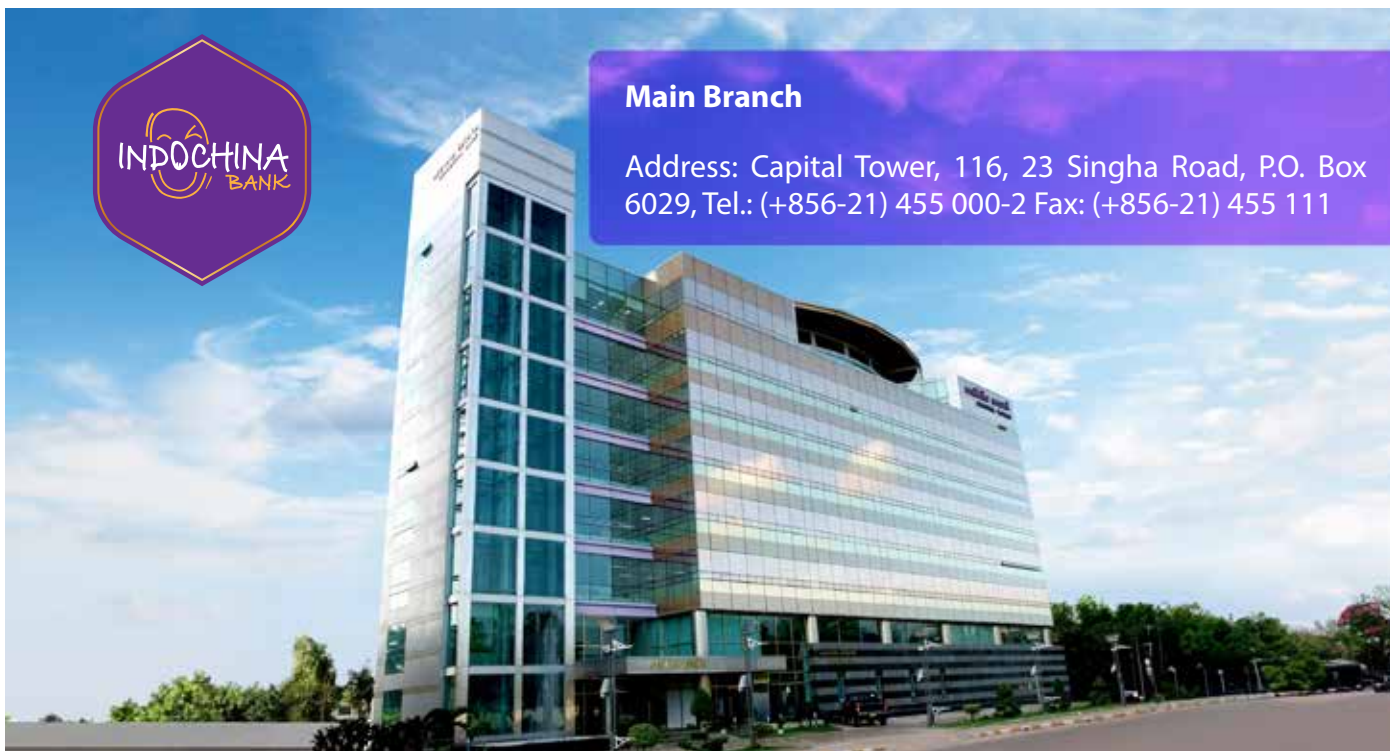
Business Unit Network

6.1. Map of all Branches and Service Units within country



6.2. Location of the Branches and Service Units

Vientiane Capital



Main Branch

Address: Capital Tower, 116, 23 Singha Road, P.O. Box 6029, Tel.: (+856-21) 455 000-2 Fax: (+856-21) 455 111



Auto City Service Unit

Address: Asean Road, Ban Nakham, Sikhottabong District, Phone: (+856-21) 520 702-4, Fax: (+856-21) 520 705



Xaymoungkhoun Service Unit

Address: Ban Xaymoungkhoun, Road No. 13 North, Naxaithong District Phone: (+856-21) 612471-2 Fax: (+856-21) 612 473



Taladlao Service Unit

450 Years Road, Saphangmuek Village, Xaythany District, Phone: (+856 21) 455 000-298-9



Kokkok M Counter Service

Address: Phonsinuan Village, Xaysettha District Phone: (+856-21) 455 000, Fax: (+856-21) 455 111

Branches and Service Units



Champasack Province , Pakse Branch

Address: Ban Phonekhoun, Pakse,
Phone: (+856-31) 260 300-4, Fax: (+856-31) 260 305



Savannakhet Province, Savannakhet Branch

Address: Huameuangtai Village, Kaysone Phomvihane District,
Phone:(+856-41) 250 000-4 Fax: (+856 41) 250 0005



Luang Namtha Province, Luang Namtha Service Unit

Address: Phonxay Village, Luang Namtha District,
Phone: (+856-86) 212 256-7, Fax: (+856-86) 212 258



Xiengkhuang Province, Xiengkhuang Service Unit

Address:Xaysana Road, Ban Theun, Paek District,
Phone: (+856-61) 313 000-1, Fax: (+856 61) 313 002



Khammouan Province, Thakhek Service Unit

Address: Vientiane Rd, Ban Nabong, Thakhek District,
Phone: (+856-51) 215 030-1



Bolikhamxay Province, Paksan Service Unit

Address: 13 South Road, Sivilay Village, Paksan District,
Phone: (+856-54) 212 401-2



Luangprabang Province, Luangprabang Service Unit

Address: Phouvao Road, Ban Pongkham, Luangphabang District,
Phone: (+856-71) 215 000-1, Fax: (+856-71) 215 002



Oudomxay Province, Oudomxay Service Unit

Northern Highway No. 13, Ban Navannoy, Xay District,
Phone: (+856-81) 260 023-5, Fax: (+856-81) 260 026



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