

BANGKOK BANK PUBLIC COMPANY LIMITED
- VIENTIANE BRANCH

Financial Statements

Year ended December 31, 2024

Bangkok Bank Public Company Limited - Vientiane Branch

Branch information

Branch	Bangkok Bank Public Company Limited - Vientiane Branch
Registration number	04/93/BoL
Registered office	Unit 12, Samsenthai Road Xieng Nguen Village, Chanthabouly District P.O. Box 5400 Vientiane Capital, Lao PDR
Branch Manager	Ms. Chadaphorn Uratchat
Auditor	Deloitte (Lao) Sole Company Limited

Manager's responsibility in respect of the financial statements

The Branch Manager is responsible for ascertaining that the financial statements are properly drawn up so as to give a true and fair view of the statement of financial position of Bangkok Bank Public Company Limited - Vientiane Branch as at December 31, 2024, and the related statements of profit or loss and other comprehensive income, changes in Head Office account and cash flows for the year then ended. In preparing these financial statements, the Branch Manager 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 regulations of Bank of the Lao PDR and the Branch's accounting policies as described in Note 3 to the financial statements and ensure that these have been appropriately disclosed, explained and quantified in the financial statements.

The Branch's financial statements have been prepared in accordance with the accounting policies as described in Note 3 to the financial statements. These accounting policies are primarily based on International Financial Reporting Standards ("IFRSs"). However, this is not a complete set of general purpose financial statements prepared in accordance with IFRSs as the Branch has not adopted IFRSs relating to the Group of financial instruments standards as following the guidance stipulated in Official Letter No. 1659/BoL dated December 14, 2018 and IAS 29 "Financial Reporting in Hyperinflationary Economies" as following the Official Letter No. 0031/BoL dated March 26, 2025.

- iii) maintain adequate accounting records and an effective system of internal controls;
- iv) 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
- v) control and direct effectively the Branch in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Branch Manager confirms that the Branch has complied with the above requirements in preparing the financial statements.



Ms. Chadaphorn Uratchat
Branch Manager

May 29, 2025

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE BRANCH MANAGER OF BANGKOK BANK PUBLIC COMPANY LIMITED - VIENTIANE BRANCH

Opinion

We have audited the financial statements of Bangkok Bank Public Company Limited - Vientiane Branch (the "Branch"), which comprise the statement of financial position as at December 31, 2024, and the related statements of profit or loss and other comprehensive income, changes in Head Office account and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

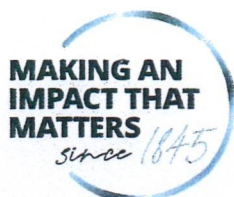
In our opinion, the accompanying financial statements of Bangkok Bank Public Company Limited - Vientiane Branch for the year ended December 31, 2024 are prepared, in all material respects, in accordance with the regulations of Bank of the Lao PDR and the Branch's accounting policies as described in Note 3 to the financial statements.

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' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are 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.

Emphasis of Matter - Basis of Accounting and Restriction on Use

We draw your attention to Notes 2 and 3 to the financial statements, which describe the basis of accounting and material accounting policy information. The financial statements are prepared to provide information for use by the Branch, the Head Office and Bank of the Lao PDR. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the regulations of Bank of the Lao PDR and the Branch's accounting policies as described in Note 3 to the financial statements, 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.

Auditor's 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 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.

VIENTIANE
May 29, 2025

Chavala Tienpasertkij
Certified Public Accountant

DELOITTE (LAO) SOLE COMPANY LIMITED



BANGKOK BANK PUBLIC COMPANY LIMITED - VIENTIANE BRANCH
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

UNIT : LAK

	Notes	2024	2023
ASSETS			
Cash on hand	11.1	25,409,429,580	23,619,389,535
Interbank and money market items, net	12	757,428,157,315	972,012,756,270
Due from Head Office and other branches	23	574,440,654,355	380,832,088,512
Statutory deposits	13	111,856,487,920	87,163,446,823
Loans to customers and accrued interest receivables, net	14		
Loans to customers		337,710,379,609	372,732,276,719
Accrued interest receivables		526,459,731	6,620,092,210
Total loans to customers and accrued interest receivables		338,236,839,340	379,352,368,929
Less Allowance for doubtful accounts		(4,052,524,485)	(4,472,787,254)
Total loans to customers and accrued interest receivables, net		334,184,314,855	374,879,581,675
Property and equipment	15	22,970,884,915	25,165,148,823
Intangible assets	16	25,354,502	35,552,026
Other assets	17	151,478,790	213,632,673
TOTAL ASSETS		1,826,466,762,232	1,863,921,596,337

Notes to the financial statements form an integral part of these statements

BANGKOK BANK PUBLIC COMPANY LIMITED - VIENTIANE BRANCH

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2024

UNIT : LAK

	Notes	2024	2023
LIABILITIES AND HEAD OFFICE ACCOUNT			
Deposits	18	964,123,056,404	945,665,813,326
Interbank and money market items	19	63,233,095,420	166,136,979,608
Due to Head office and other branches	23	257,748,000,000	276,291,000,000
Tax payable	10	8,495,897,256	7,971,350,644
Other liabilities	20	36,661,468,719	39,421,791,423
TOTAL LIABILITIES		<u>1,330,261,517,799</u>	<u>1,435,486,935,001</u>
HEAD OFFICE ACCOUNT			
Branch capital	21	313,632,516,480	313,632,516,480
Retained earnings			
Appropriated			
Legal reserve	22	31,965,775,886	25,188,717,576
Unappropriated		150,606,952,067	89,613,427,280
TOTAL HEAD OFFICE ACCOUNT		<u>496,205,244,433</u>	<u>428,434,661,336</u>
TOTAL LIABILITIES AND HEAD OFFICE ACCOUNT		<u><u>1,826,466,762,232</u></u>	<u><u>1,863,921,596,337</u></u>

Notes to the financial statements form an integral part of these statements

BANGKOK BANK PUBLIC COMPANY LIMITED - VIENTIANE BRANCH
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

UNIT : LAK

	Notes	2024	2023
Interest income	5	82,446,033,081	80,795,816,030
Interest expenses	5	(33,691,081,013)	(33,475,914,606)
Net interest income	5	48,754,952,068	47,319,901,424
Fees and service income	6	29,372,061,070	26,129,725,713
Fees and service expenses	6	(1,053,008,469)	(1,409,259,311)
Net fees and service income	6	28,319,052,601	24,720,466,402
Gain on foreign exchange transactions		25,149,034,254	22,225,422,634
Gain on disposal of assets		471,426,838	-
Other operating income		37,357,210	1,156,016
Total operating income		102,731,822,971	94,266,946,476
Other operating expenses			
Employee's expenses	7	(10,358,604,096)	(11,273,510,754)
Depreciation and amortization expenses	8	(2,101,343,290)	(2,216,064,666)
Others		(5,881,532,374)	(8,086,270,667)
Total operating expenses		(18,341,479,760)	(21,575,846,087)
Impairment (loss) / reversal	9	852,995,433	(124,289,131)
Profit before income tax expenses		85,243,338,644	72,566,811,258
Income tax expenses	10	(17,472,755,547)	(9,345,964,691)
Net profit		67,770,583,097	63,220,846,567
Total comprehensive income		67,770,583,097	63,220,846,567

Notes to the financial statements form an integral part of these statements

BANGKOK BANK PUBLIC COMPANY LIMITED - VIENTIANE BRANCH
STATEMENT OF CHANGES IN HEAD OFFICE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2024

UNIT : LAK					
	Notes	Branch Capital	Retained Earnings		Total Head Office Account
			Appropriated Legal Reserve	Unappropriated	
Beginning balance as at January 1, 2023					
Capital increment	21	190,000,000,000	18,866,632,919	52,714,665,370	261,581,298,289
		123,632,516,480	-	(20,000,000,000)	103,632,516,480
Total comprehensive income		-	-	63,220,846,567	63,220,846,567
Transfer to legal reserve	22	-	6,322,084,657	(6,322,084,657)	-
Ending balance as at December 31, 2023		313,632,516,480	25,188,717,576	89,613,427,280	428,434,661,336
Beginning balance as at January 1, 2024		313,632,516,480	25,188,717,576	89,613,427,280	428,434,661,336
Total comprehensive income		-	-	67,770,583,097	67,770,583,097
Transfer to legal reserve	22	-	6,777,058,310	(6,777,058,310)	-
Ending balance as at December 31, 2024		313,632,516,480	31,965,775,886	150,606,952,067	496,205,244,433

Notes to the financial statements form an integral part of these statements

BANGKOK BANK PUBLIC COMPANY LIMITED - VIENTIANE BRANCH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2024

UNIT : LAK

	Notes	2024	2023
Cash flows from operating activities			
Profit before income tax expenses		85,243,338,644	72,566,811,258
Adjustments to reconcile profit before income tax expenses for the year to cash received (paid) from operating activities:			
Depreciation and amortization	8	2,101,343,290	2,216,064,666
Impairment loss (reversal)	9	(852,995,433)	124,289,131
Unrealized loss on exchange		1,167,501,664	3,860,318,909
Gain on disposal of assets		(471,426,838)	-
Interest income	5	(82,446,033,081)	(80,795,816,030)
Interest expenses	5	33,691,081,013	33,475,914,606
Cash generated from operations		38,432,809,259	31,447,582,540
Interest received		90,921,984,594	86,490,622,207
Interest paid		(36,877,025,358)	(30,054,665,654)
Income tax paid	10	(16,948,208,935)	(9,150,310,534)
Profit from operating before changes in operating assets and liabilities		75,529,559,560	78,733,228,559
Changes in operating assets and liabilities:			
Decrease (increase) in operating assets:			
Interbank and money market items		158,543,000,000	(5,521,000,000)
Statutory deposits		(24,693,041,097)	(39,895,544,261)
Due from Head Office and other branches		(191,503,318,913)	(139,587,357,042)
Loans to customers		35,021,897,110	(58,249,670,906)
Other assets		62,153,883	416,957,201
Increase (decrease) in operating liabilities:			
Deposits		18,457,243,078	149,535,808,192
Interbank and money market items		(102,903,884,188)	(119,292,520,784)
Due to Head Office and other branches		(18,543,000,000)	(85,611,516,480)
Other liabilities		(531,663,359)	1,931,254,734
Net cash used in operating activities		(50,561,053,926)	(217,540,360,787)

BANGKOK BANK PUBLIC COMPANY LIMITED - VIENTIANE BRANCH
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

	Notes	2024	2023
Cash flows from investing activities			
Cash paid for purchases of property and equipment	11.2.1	(314,335,020)	(407,511,445)
Proceeds from disposal assets		888,880,000	-
Net cash provided by (used in) investing activities		<u>574,544,980</u>	<u>(407,511,445)</u>
Cash flows from financing activities			
Cash received from capital increment	21	-	103,632,516,480
Net cash provided by investing activities		<u>-</u>	<u>103,632,516,480</u>
Net decrease in cash and cash equivalents		(49,986,508,946)	(114,315,355,752)
Cash and cash equivalents at beginning of the year		<u>573,671,082,926</u>	<u>687,986,438,678</u>
Cash and cash equivalents at end of the year		<u><u>523,684,573,980</u></u>	<u><u>573,671,082,926</u></u>
Cash and cash equivalents			
Cash on hand	11.1	25,409,429,580	23,619,389,535
Deposits within three months with other banks		<u>498,275,144,400</u>	<u>550,051,693,391</u>
		<u><u>523,684,573,980</u></u>	<u><u>573,671,082,926</u></u>

Notes to the financial statements form an integral part of these statements

BANGKOK BANK PUBLIC COMPANY LIMITED - VIENTIANE BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. GENERAL INFORMATION

Bangkok Bank Public Company Limited (the “Bank”) is incorporated in Thailand. Bangkok Bank Public Company Limited - Vientiane Branch (the “Branch”) is a branch office of the Bank that operates in the Lao People’s Democratic Republic (“Lao PDR”) under a banking license (License No. 04/93/BoL) granted by Bank of the Lao PDR (“BoL”) on February 25, 1993. The Branch’s main business is commercial banking in the Lao PDR.

These financial statements were approved for issue by the Branch’s management on May 29, 2025.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The Branch is not a separate legal entity. The financial statements have been prepared from the records of the Branch and reflected only transactions recorded locally.

The Branch’s financial statements have been prepared in accordance with the regulations of Bank of the Lao PDR and the Branch’s accounting policies as described in Note 3. These accounting policies are primarily based on International Financial Reporting Standards (“IFRSs”). However, this is not a complete set of general purpose financial statements prepared in accordance with IFRSs as the Branch has not adopted IFRSs relating to the Group of financial instruments standards as following the guidance stipulated in Official Letter No. 1659/BoL dated December 14, 2018 and IAS 29 “Financial Reporting in Hyperinflationary Economies” as following the Official Letter No. 0031/BoL dated March 26, 2025 for the year ended December 31, 2024.

The Branch’s financial statements have been prepared on an accrual basis under the measurement basis of historical cost as disclosed in the material accounting policy information (see Note 3).

The financial statements are prepared solely for the use of the Branch, the Head Office and Bank of the Lao PDR.

The Branch’s financial statements are presented in LAK, which is the Branch’s presentation currency.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Recognition of income

The Branch recognizes interest income on an accrual basis, except for interest from lending which was accrued over three months, such interest is recognized when received. The Branch reversal all accrued interest income for items which are no longer on an accrual basis.

The Branch recognizes fee income on an accrual basis when the service has been provided or upon satisfaction of performance obligations.

3.2 Recognition of expenses

The Branch recognizes expenses on an accrual basis.

3.3 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, balances with Central Bank, deposits with other banks and other short-term highly liquid investments with original maturities of three months or less.

3.4 Loans to customers

Loans to customers are recognized at cost and presented at outstanding balance less allowance for doubtful accounts.

The Branch recognizes loans to customers at cost when cash is advanced to a borrower and derecognizes when getting repayment or writing off.

Overdraft are carried at the drawn amounts including interest. Other loans to customers are carried at the principal amounts.

3.5 Allowance for doubtful accounts

Loan classification and provision for losses are made in accordance with BoL regulations No.512/BoL dated June 29, 2018 on Article 9. These classifications are applied as guidance to assist the Branch to better estimate its loan loss provision as follows:

Classification	Number of days past due	Provision rate (No. 512/BoL)	Provision rate (The Branch)
Performing loans			
Normal	1 to 30 days	0.50%	1.20%*
Special mentioned	31 to 90 days	3.00%	3.00%
Non-performing loans ("NPL")			
Substandard	91 to 180 days	20.00%	36.00%**
Doubtful	181 to 360 days	50.00%	50.00%
Loss	Over 360 days	100.00%	100.00%

* The Branch used the Head Office's provision rate of 1.20%, which has been approved by the BoL in accordance with the Official letter No. 37/BoL dated January 30, 2014.

** The Branch used the Head Office's provision rate of 36.00%, which has been approved by the BoL in accordance with the Official Letter No. 304/BoL dated September 11, 2014.

Changes in allowance for doubtful accounts are recorded to the statement of profit or loss and other comprehensive income as impairment loss or reversal impairment loss. Allowance for doubtful accounts is recorded in the statement of financial position in allowance for doubtful accounts as a contra account of loans to customers.

3.6 Property and equipment

Property and equipment are stated at cost net of accumulated depreciation and allowance for impairment (if any).

Depreciation is calculated by the straight-line method, based on the legal rates applicable.

Leasehold improvements	10 years
Furniture and fixtures	5 years
Computer equipment	5 years
Motor vehicles	5 years

When property and equipment become impaired, the allowance for impairment is recorded to recognize loss on impairment as other operating expenses.

Gain or loss on disposal of property and equipment are recognized as other operating income or expenses upon disposal.

3.7 Intangible assets

Intangible assets are stated at cost net of accumulated amortization and allowance for impairment (if any).

Amortization is calculated by the straight-line method, based on the legal rates applicable.

Computer software	5 years
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When intangible assets become impaired, the allowance for impairment is recorded to recognize loss on impairment as other operating expenses.

Gain or loss on disposal of intangible assets are recognized as other operating income or expenses upon disposal.

3.8 Leases

The Branch as tenants recognizes liabilities under rental contracts at the present value of the obligations under the lease agreements, and recognizes right-of-use assets with the value of lease liabilities plus the initial direct costs and the right-of-use is amortized over the straight-line method throughout the lease term. Right-of-use assets is recorded in the statement of financial position under property and equipment and lease liabilities is recorded in the statement of financial position under other liabilities.

3.9 Income taxes

Income taxes comprise of current tax and deferred tax.

Current tax is recognized at the amount expected to be paid or recovered from the tax authorities by calculating from taxable profit or loss for the period and using tax rates enacted or substantively enacted by the reporting date.

Deferred tax is recognized on temporary differences arising between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss (tax base). The Branch recognized deferred tax assets and liabilities arising from such temporary differences at the amount of expected benefit to be received from the assets or paid for the liabilities in profit or loss except to the extent that it relates to items recognized in Head Office account, in which case it is recognized directly in Head Office account.

Deferred tax assets and liabilities are offset, if the Branch has a legally enforceable right to offset current tax assets and current tax liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be sufficiently available to allow the temporary differences to be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that the related tax benefit will be realized.

3.10 Provisions

Provisions are recognized when the Branch has a present obligation (legal or constructive) as a result of a past event, it is probable that the Branch will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The Branch recognizes no provisions for future operating losses.

The Branch recognizes the provisions as other operating expenses and as provisions in the statement of financial position.

The Branch reviews the provisions on a regular basis, and recognizes the changes in the provisions as increase or decrease in other operating expenses.

The Branch is required to contribute to the post-employment benefits by paying social insurance premium to the Social Insurance Agency. The Branch has no further obligation concerning post-employment benefits for its employees.

3.11 Segment information

The Branch operates within one business segment, commercial banking, and within one geographical segment, which is the Lao PDR.

3.12 Foreign currency translation

Items included in the financial statements are measured using Lao Kip ("LAK") which is the functional currency.

Foreign currency transactions are translated into LAK using the exchange rates prevailing at the date of the transactions.

Foreign currency assets and liabilities outstanding at the statement of financial position date presented are translated into LAK using the reference rates of exchange of the Branch ruling at that date.

Gain or loss resulting from the settlement of such transactions when incurred and from the foreign exchange translation are recognized in statement of profit or loss and other comprehensive income.

3.13 Use of management's judgments

The preparation of financial statements in conformity with the regulations of Bank of the Lao PDR and the Branch's accounting policies as described in Note 3 to the financial statements requires the Branch's management to exercise judgment in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the last date of the reporting period and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

4. FINANCIAL RISK MANAGEMENT

The Branch's business involves taking on risks in a targeted manner and managing them professionally primarily through the Bank at consolidated level and by the Branch itself to comply with local regulators' requirements.

At the Branch level, the core functions of the Branch's risk management are to identify all key risks for the Branch, measure these risks, manage the risk positions and determine capital allocations. The Branch complies with the Bank's risk management policies.

The Branch's aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Branch's financial performance.

The Branch defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

At the Bank level, the Bank's Risk Management Committee ("RMC") plays a significant role in prescribing the risk management policy, reviewing the sufficiency of the risk management policy and system, defining the strategy for risk management, and monitoring the Bank's risk to an appropriate level, in compliance with the Bank's risk management policy which has been approved by the Board of Directors based on the Risk Management Committee's recommendation. The objectives are to manage the relevant risks within designated boundaries, in particular the maintenance of capital in accordance with the revised capital adequacy requirements under the Basel III guidelines and to achieve an appropriate rate of return.

The key principle of the risk management system is that business units shall be responsible for continuously managing their risk exposures in order to ensure that the risk is within the specified limits and in compliance with the overall risk management policy approved by the Board of Directors, while the Risk Management unit is responsible for monitoring and controlling the risks on a regular basis.

The Branch is exposed to financial risks, which include credit risk, interest rate risk, foreign exchange risk and liquidity risk.

4.1 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Branch's customers, clients or market counterparties fail to fulfil their contractual obligations to the Branch. Credit risk arises mainly from commercial, consumer loans and advances and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, financial guarantees, letters of credit.

However, the Branch is not in a position to manage most parts of its own credit risk. It acts as a marketing arm of the Bank, to solicit and acquire potential credit customers, to maintain both existing and potential credit customers. The Branch, as a local representative of the Bank, performs most of credit operation functions. All the Branch's credit applications are submitted to the Bank's relevant credit departments to be prepared, analyzed and underwritten. After approval, all of the Branch's credit portfolio is aggregated to the Bank's credit portfolios which are subjected the Bank's credit risk management and control.

Credit risk is the single largest risk for both the Bank's and the Branch's business; management therefore carefully manages the exposure to credit risk. The credit risk management and control are centralized in a credit risk management team, which reports to the Board of Directors and head of each business unit regularly.

4.1.1 Credit risk exposure

Credit risk exposures relating to statement of financial position as at December 31, are as follows:

	2024 LAK	2023 LAK
Loans to customers	337,710,379,609	372,732,276,719
Total	<u>337,710,379,609</u>	<u>372,732,276,719</u>

Credit risk exposures relating to off-balance sheet as at December 31, are as follows:

	2024 LAK	2023 LAK
Undrawn loan commitments	20,044,399,697	21,239,451,264
Letters of Guarantee	1,094,450,379,237	1,004,619,689,768
Bills sent for collection	11,570,034,722	14,113,743,273
Total	<u>1,126,064,813,656</u>	<u>1,039,972,884,305</u>

4.1.2 Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The following table breaks down the Branch's credit exposure at their carrying amounts (without taking into account any collateral held or other credit support), as classified by geographical region as at December 31, are as follows:

	2024 LAK	2023 LAK
Residents	337,710,379,609	372,732,276,719
Total	<u>337,710,379,609</u>	<u>372,732,276,719</u>

(b) Industry sectors

The following table breaks down the Branch's credit exposure at carrying amounts (without taking into account any collateral held or other credit support), classified by the industry sectors of the Branch's counterparties as at December 31, are as follows:

	2024 LAK	2023 LAK
Industrial service companies	71,880,213,237	85,886,273,849
Trading companies	189,477,234,000	208,297,956,250
Service companies	76,352,932,372	78,548,046,620
Total	<u>337,710,379,609</u>	<u>372,732,276,719</u>

4.2 Interest rate risk

Interest rate risk is the risk that arises from the potential change in interest rates which may have an adverse effect on the net interest income of the Branch in the current reporting period, and/or in future periods. Interest rate risk arises from the structure and characteristics of the Branch's assets and liabilities, and in the mismatch in repricing dates of its assets and liabilities.

The Bank assesses, monitors, and controls interest rate risk to be at an acceptable level and to comply with the policy set by the Asset-Liability Management Committee ("ALCO") and the Risk Management Committee. The Branch manages interest rate risk in order to achieve business return targets and control the potential impact on capital to be within a specified limit.

The Branch has significant financial assets and financial liabilities categorized by the earlier of contractual repricing or maturity dates as at December 31, as follows:

		2024					
		Call to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing
		LAK	LAK	LAK	LAK	LAK	Total LAK
Financial assets							
Interbank and money market items	498,275,144,400	259,153,012,915	-	-	-	-	757,428,157,315
Due from Head Office and other branches	431,595,803,150	120,695,706,405	22,149,144,800	-	-	-	574,440,654,355
Statutory deposits	-	-	-	-	-	111,856,487,920	111,856,487,920
Loans to customers and accrued interest receivables	51,220,938,417	103,406,713,627	111,579,742,460	72,029,444,836	-	-	338,236,839,340
Financial liabilities							
Deposits	402,284,440,773	202,102,394,789	138,020,764,881	-	-	221,715,455,961	964,123,056,404
Interbank and money market items	63,233,095,420	-	-	-	-	-	63,233,095,420
Due to Head Office and other branches	257,748,000,000	-	-	-	-	-	257,748,000,000
		2023					
		Call to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing
		LAK	LAK	LAK	LAK	LAK	Total LAK
Financial assets							
Interbank and money market items	478,653,693,391	350,812,590,657	142,546,472,222	-	-	-	972,012,756,270
Due from Head Office and other branches	301,316,866,961	79,515,221,551	-	-	-	-	380,832,088,512
Statutory deposits	-	-	-	-	-	87,163,446,823	87,163,446,823
Loans to customers and accrued interest receivables	40,390,014,230	121,909,961,665	61,398,454,874	109,501,448,334	46,152,489,826	-	379,352,368,929
Financial liabilities							
Deposits	382,169,420,770	192,661,795,623	120,599,810,109	11,717,861,716	-	238,516,925,108	945,665,813,326
Interbank and money market items	51,136,979,608	25,000,000,000	90,000,000,000	-	-	-	166,136,979,608
Due to Head Office and other branches	276,291,000,000	-	-	-	-	-	276,291,000,000

Interest rate risk is the current and prospective impact to the financial condition due to adverse changes in interest rates to which the Branch statement of financial position is exposed. The Branch's mismatched assets and liabilities positions have undesired outcomes over the short term. The Branch's objective is to manage interest rate risk to achieve stable and sustainable net interest income in the long term.

4.3 Foreign exchange risk

Foreign exchange risk is the risk that arises when the Branch deals in foreign currency transactions which lead to overbought or oversold positions in any individual foreign currency positions. The Branch may incur gains or losses as a result of changes in foreign exchange rates.

The Branch manages its foreign currency positions in compliance with regulatory guidelines and the internal risk limits set by ALCO and RMC.

The table below summarizes the Branch's exposure to foreign currency exchange rate risk, included in the table are the Branch's financial instruments at carrying amounts, categorized by currency as at December 31, as follows:

	2024				
	LAK	USD	THB	Others	Total
	LAK	LAK	LAK	LAK	LAK
Financial assets					
Cash on hand	4,860,524,500	16,580,456,302	3,968,448,778	-	25,409,429,580
Interbank and money market items	305,781,589,550	368,789,724,595	82,856,843,170	-	757,428,157,315
Due from Head Office and other branches	-	353,978,415,555	220,387,030,451	75,208,349	574,440,654,355
Statutory deposits	8,695,296,385	64,394,955,717	38,766,235,818	-	111,856,487,920
Loans to customers and accrued interest receivables	256,971,800,660	71,907,161,649	9,357,877,031	-	338,236,839,340
Financial liabilities					
Deposits	107,167,072,937	509,130,519,430	347,825,464,037	-	964,123,056,404
Interbank and money market items	2,500,000	61,992,470,714	1,238,124,706	-	63,233,095,420
Due to Head Office and other branches	-	257,748,000,000	-	-	257,748,000,000
	2023				
	LAK	USD	THB	Others	Total
	LAK	LAK	LAK	LAK	LAK
Financial assets					
Cash on hand	5,136,255,500	14,920,880,562	3,562,253,473	-	23,619,389,535
Interbank and money market items	404,194,987,109	513,345,405,282	54,472,363,879	-	972,012,756,270
Due from Head Office and other branches	-	188,508,238,326	192,240,716,242	83,133,944	380,832,088,512
Statutory deposits	9,618,373,672	47,501,790,455	30,043,282,696	-	87,163,446,823
Loans to customers and accrued interest receivables	264,987,355,893	86,396,079,248	27,968,933,788	-	379,352,368,929
Financial liabilities					
Deposits	160,126,860,291	519,306,947,650	266,232,005,385	-	945,665,813,326
Interbank and money market items	115,002,500,000	18,136,760,447	32,997,719,161	-	166,136,979,608
Due to Head Office and other branches	-	276,291,000,000	-	-	276,291,000,000

4.4 Liquidity risk

Liquidity risk arises from failure to pay debts and contingent liabilities by the due date because of an inability to convert assets into cash; it also relates to failure to obtain sufficient funds, or finding that this comes at a higher cost, thus adversely affecting income and capital funds.

The Branch manages liquidity risk in accordance with policies and guidelines established by ALCO and the liquidity reserve requirement as well as other relevant regulatory requirements. Treasury Division is in charge of managing the Bank's liquidity, while the Market Risk unit of the Risk Management unit is responsible for identifying, assessing, monitoring, reporting and controlling risks to be within the specified limits and reports to ALCO on a regular basis.

The Branch has diversified funding sources. Its major funding source is customer deposits which are well-diversified in different deposit types and maturities. Moreover, the Branch manages its liquidity through domestic money and through international money in currencies such as US dollar and Thai Baht. The Branch aims to balance the cost of liquidity against liquidity risks as deemed appropriate based on market conditions and acceptable risk levels. The Branch also closely manages short-term and long-term liquidity positions. In addition to funding diversification, the Branch maintains high-quality liquid assets which can be liquidated or realized as needed in order to meet its financial obligations under both business-as-usual and crisis situations.

The Branch has financial assets and financial liabilities categorized by maturity profile as at December 31, as follows:

		2024					
		Call to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity
		LAK	LAK	LAK	LAK	LAK	LAK
Financial assets							
Interbank and money							
market items	498,275,144,400	-	-	259,153,012,915	-	-	757,428,157,315
Due from Head Office							
and other branches	338,642,697,332	180,206,009,223	-	55,591,947,800	-	-	574,440,654,355
Statutory deposits	111,856,487,920	-	-	-	-	-	111,856,487,920
Loans to customers and							
accrued interest receivables	11,893,066,828	99,012,344,861	79,888,031,641	393,352,470	147,050,043,540	-	338,236,839,340
Financial liabilities							
Deposits	616,547,986,987	16,605,215,741	318,671,996,166	12,297,857,510	-	-	964,123,056,404
Interbank and money							
market items	20,275,095,420	42,958,000,000	-	-	-	-	63,233,095,420
Due to Head Office							
and other branches	-	-	-	257,748,000,000	-	-	257,748,000,000
		2023					
		Call to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity
		LAK	LAK	LAK	LAK	LAK	LAK
Financial assets							
Interbank and money							
market items	478,653,693,391	-	215,257,588,126	278,101,474,753	-	-	972,012,756,270
Due from Head Office							
and other branches	253,576,757,109	127,255,331,403	-	-	-	-	380,832,088,512
Statutory deposits	87,163,446,823	-	-	-	-	-	87,163,446,823
Loans to customers and							
accrued interest receivables	4,463,510,126	126,442,430,118	62,530,255,558	2,602,290,712	183,313,882,415	-	379,352,368,929
Financial liabilities							
Deposits	611,185,412,589	15,665,310,284	304,948,298,737	13,866,791,716	-	-	945,665,813,326
Interbank and money							
market items	51,136,979,608	-	115,000,000,000	-	-	-	166,136,979,608
Due to Head Office							
and other branches	-	-	-	276,291,000,000	-	-	276,291,000,000

4.5 Fair value of financial assets and liabilities

Fair value measurements are analyzed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgment in categorizing financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Fair values of financial instrument not carried at fair value

For financial assets and liabilities not carried at fair value on the financial statement as follows, the carrying amount is a reasonable approximation of fair value because, for example, they are short-term in nature or reprice to current market rates frequently.

	Carrying value/ Fair value	
	2024	2023
	LAK	LAK
Financial assets		
Cash on hand	25,409,429,580	23,619,389,535
Interbank and money market items, net	757,428,157,315	972,012,756,270
Due from Head Office and other branches	574,440,654,355	380,832,088,512
Statutory deposits	111,856,487,920	87,163,446,823
Loans to customers and accrued interest receivables, net	334,184,314,855	374,879,581,675
Financial liabilities		
Deposits	964,123,056,404	945,665,813,326
Interbank and money market	63,233,095,420	166,136,979,608
Due to Head Office and other branches	257,748,000,000	276,291,000,000
Off-balance sheet and financial instruments		
Guarantees, acceptances and other financial facilities	1,126,064,813,656	1,039,972,884,305

The following methods and assumptions are used in estimating fair value of financial assets and liabilities:

- For financial assets (excluding statutory deposits and loans to customers) and financial liabilities, the carrying amounts in the statement of financial position approximate the fair value of the items.
- For statutory deposits, the carrying amounts in the statement of financial position approximate the fair value of the items as there is no interest earning.
- The fair value for loans to customers and accrued interest receivables, net is based on the carrying value of the loans to customers and interest receivables, net of the allowance for doubtful accounts as presented in the statement of financial position. The carrying amount is considered to approximate their fair value since financial instruments are predominately subject to market interest rate.

4.6 Capital management

The Branch's objectives when managing capital, which is a broader concept than the equity on the face of the statement of financial position, are:

- To comply with the capital requirements set by the regulators of the banking market of the Branch such as the Bank of the Lao PDR;
- To safeguard the Branch's ability to continue as a going concern so that it can continue to provide returns for Head Office and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

5. NET INTEREST INCOME

Net interest income for the years ended December 31, are as follows:

	2024 LAK	2023 LAK
Interest income		
Interest income - from interbanks	50,674,370,031	53,941,970,580
Interest income - from loan to customers	31,771,663,050	26,853,845,450
	<u>82,446,033,081</u>	<u>80,795,816,030</u>
Interest expenses		
Interest expenses - for interbanks	(24,485,642,271)	(24,152,174,227)
Interest expenses - for customers deposits	(9,205,438,742)	(9,323,740,379)
	<u>(33,691,081,013)</u>	<u>(33,475,914,606)</u>
Net interest income	<u>48,754,952,068</u>	<u>47,319,901,424</u>

6. NET FEES AND SERVICE INCOME

Net fees and service income for the years ended December 31, are as follows:

	2024 LAK	2023 LAK
Fees and service income		
Acceptance, aval and guarantee of loans	24,866,461,208	21,048,848,449
Others	4,505,599,862	5,080,877,264
Total fees and service income	<u>29,372,061,070</u>	<u>26,129,725,713</u>
Fees and service expenses	<u>(1,053,008,469)</u>	<u>(1,409,259,311)</u>
Net fees and service income	<u>28,319,052,601</u>	<u>24,720,466,402</u>

7. EMPLOYEE'S EXPENSES

Employee's expenses for the years ended December 31, are as follows:

	2024 LAK	2023 LAK
Wages and salaries	7,899,949,209	8,345,462,381
Bonuses	893,448,650	1,060,852,368
Other benefits	<u>1,565,206,237</u>	<u>1,867,196,005</u>
	<u>10,358,604,096</u>	<u>11,273,510,754</u>

8. DEPRECIATION AND AMORTIZATION EXPENSES

Depreciation and amortization expenses for the years ended December 31, are as follows:

	2024 LAK	2023 LAK
Depreciation of property and equipment (see Note 15)	2,091,145,766	2,205,895,004
Amortization of computer software (see Note 16)	<u>10,197,524</u>	<u>10,169,662</u>
	<u>2,101,343,290</u>	<u>2,216,064,666</u>

9. IMPAIRMENT LOSS

Impairment loss for the years ended December 31, are as follows:

	2024 LAK	2023 LAK
Interbank and money market items (reversal)	(371,916,000)	(301,680,000)
Loans to customers (reversal)	<u>(481,079,433)</u>	<u>425,969,131</u>
	<u>(852,995,433)</u>	<u>124,289,131</u>

10. INCOME TAX EXPENSES AND TAX PAYABLE

Tax payable as at December 31, are as follows:

	2024 LAK	2023 LAK
Tax payable at the beginning of the years	7,971,350,644	7,775,696,487
Income tax expenses for the years	17,472,755,547	9,345,964,691
Income tax paid during the years	<u>(16,948,208,935)</u>	<u>(9,150,310,534)</u>
Tax payable at the end of the year	<u>8,495,897,256</u>	<u>7,971,350,644</u>

Reconciliation of effective tax rate

	2024 LAK	2023 LAK
Profit before income tax expenses	85,243,338,644	72,566,811,258
Income tax at the domestic tax rate (20%)	17,048,667,729	14,513,362,252
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	424,087,818	(5,167,397,561)
Income tax as per statement of profit or loss and other comprehensive income*	17,472,755,547	9,345,964,691
Effective tax rate*	20.50%	12.88%

* Income tax expense for the year 2023 was included tax adjustment of LAK 5.70 billion from finalization of tax interpretation. Effective tax rate before tax adjustment was 20.73%.

11. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

11.1 Cash on hand

Cash on hand as at December 31, consists of the following:

	2024 LAK	2023 LAK
LAK	4,860,524,500	5,136,255,500
USD	16,580,456,302	14,920,880,562
THB	3,968,448,778	3,562,253,473
	<u>25,409,429,580</u>	<u>23,619,389,535</u>

11.2 Non-cash items

11.2.1 Non-cash items for the years ended December 31, are as follows:

	2024 LAK	2023 LAK
Fixed asset payables at beginning of the years	-	-
Add: Purchases of property and equipment	314,335,020	407,511,445
Purchases of intangible assets	-	-
Less: Cash payments for property and equipment	(314,335,020)	(407,511,445)
Cash payments for intangible assets	-	-
Fixed asset payables at ending of the years	<u>-</u>	<u>-</u>

11.2.2 Changes in liabilities from financing activities for the years ended December 31, are as follows:

	Balance as at January 1, 2024 LAK	Cash flow from financing activities Cash received LAK	Cash paid LAK	Non-cash changes LAK	Balance as at December 31, 2024 LAK
Lease liabilities	19,340,370,000	-	-	957,285,000	20,297,655,000
Total	<u>19,340,370,000</u>	<u>-</u>	<u>-</u>	<u>957,285,000</u>	<u>20,297,655,000</u>

	Balance as at January 1, 2023 LAK	Cash flow from financing activities Cash received LAK	Cash paid LAK	Non-cash changes LAK	Balance as at December 31, 2023 LAK
Lease liabilities	16,271,010,000	-	-	3,069,360,000	19,340,370,000
Total	<u>16,271,010,000</u>	<u>-</u>	<u>-</u>	<u>3,069,360,000</u>	<u>19,340,370,000</u>

12. INTERBANK AND MONEY MARKET ITEMS, NET (ASSETS)

Interbank and money market items, net (assets) as at December 31, consist of the following:

	2024 LAK	2023 LAK
Demand deposits at other banks		
Bank of the Lao PDR	471,045,489,253	426,925,283,233
Other domestic banks	13,177,253,948	18,649,386,477
Foreign banks	14,052,401,199	33,079,023,681
Total	<u>498,275,144,400</u>	<u>478,653,693,391</u>
Time deposits at other banks		
Domestic banks	-	211,398,000,000
Total	<u>-</u>	<u>211,398,000,000</u>
Loans and advance at other banks		
Bank of the Lao PDR	257,748,000,000	276,291,000,000
Less: Allowance for doubtful accounts	(3,092,976,000)	(3,315,492,000)
Total	<u>254,655,024,000</u>	<u>272,975,508,000</u>
Accrued interest receivables	4,497,988,915	8,985,554,879
	<u>757,428,157,315</u>	<u>972,012,756,270</u>

13. STATUTORY DEPOSITS

Statutory deposits as at December 31, consist of the following:

	2024	2023
	LAK	LAK
Customer deposits	111,250,522,711	86,579,939,255
Customer deposits - Dormant accounts	600,965,209	578,507,568
Branch capital	5,000,000	5,000,000
	<u>111,856,487,920</u>	<u>87,163,446,823</u>

Statutory deposits on customers deposits with BoL are maintained in compliance with applicable BoL regulations, the amounts of which are determined as a defined percentage of customers' deposits with the Branch, i.e. 8% on deposits of Lao Kip and 11% on deposits of foreign currencies (2023: 8% and 10%). These deposits do not earn interest.

For dormant customer deposits which are inactive more than 6 years continuously, those accounts must be closed and transferred to maintain at BoL as following the guidance stipulated in Official Letter No. 525/Kor Kor Tor dated September 11, 2020.

Statutory deposits on branch capital is maintained with the BoL in compliance with BoL regulations. These deposits do not earn interest.

14. LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET

Loans to customers and accrued interest receivables, net as at December 31, are as follows:

	2024	2023
	LAK	LAK
Loans to customers	337,710,379,609	372,732,276,719
Accrued interest receivables	526,459,731	6,620,092,210
	<u>338,236,839,340</u>	<u>379,352,368,929</u>
<u>Less:</u> Allowance for doubtful accounts	<u>(4,052,524,485)</u>	<u>(4,472,787,254)</u>
Loans to customers and accrued interest receivables, net	<u>334,184,314,855</u>	<u>374,879,581,675</u>

14.1 Loan to customers are classified as follows:

14.1.1 Classified by product type as at December 31, are as follows:

	2024	2023
	LAK	LAK
Overdraft	3,983,390,126	4,463,510,126
Loans	<u>333,726,989,483</u>	<u>368,268,766,593</u>
	<u>337,710,379,609</u>	<u>372,732,276,719</u>

14.1.2 Classified by currency as at December 31, are as follows:

	2024	2023
	LAK	LAK
LAK	256,485,916,372	258,914,326,620
USD	71,880,213,237	85,886,273,849
THB	9,344,250,000	27,931,676,250
	<u>337,710,379,609</u>	<u>372,732,276,719</u>

14.1.3 Classified by performance as at December 31, are as follows:

	2024	2023
	LAK	LAK
Performing loans	337,710,379,609	372,732,276,719
Non-performing loans ("NPL")	-	-
	<u>337,710,379,609</u>	<u>372,732,276,719</u>

14.2 Allowance for doubtful accounts

Allowance for doubtful accounts as at December 31, consist of the following:

	2024	2023
	LAK	LAK
Beginning balance	4,472,787,254	3,773,791,214
Doubtful accounts (reversal) during the years	(481,079,433)	425,969,131
Foreign exchange translation difference	60,816,664	273,026,909
Ending balance	<u>4,052,524,485</u>	<u>4,472,787,254</u>

The breakdown of loan classification and allowance for doubtful accounts as at December 31, are as follows:

	2024		2023	
	Loan balance	Allowance for doubtful accounts	Loan balance	Allowance for doubtful accounts
	LAK	LAK	LAK	LAK
Performing loans				
Normal	337,710,379,609	4,052,524,485	372,732,276,719	4,472,787,254
Special mentioned	-	-	-	-
Total	<u>337,710,379,609</u>	<u>4,052,524,485</u>	<u>372,732,276,719</u>	<u>4,472,787,254</u>
Non-performing loans				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>337,710,379,609</u>	<u>4,052,524,485</u>	<u>372,732,276,719</u>	<u>4,472,787,254</u>

15. PROPERTY AND EQUIPMENT

Property and equipment as at December 31, consist of the following:

As at December 31, 2024

	Balances as at January 1, 2024 LAK	Additions LAK	Disposals LAK	Balances as at December 31, 2024 LAK
Cost:				
Leasehold improvements	9,540,648,957	-	-	9,540,648,957
Right-of-use assets	22,182,117,902	131,982,000	(1,334,457,706)	20,979,642,196
Furniture and fixtures	1,363,557,324	182,353,020	-	1,545,910,344
Computer equipment	2,696,507,957	-	-	2,696,507,957
Motor vehicles	1,270,696,236	-	-	1,270,696,236
Total cost	<u>37,053,528,376</u>	<u>314,335,020</u>	<u>(1,334,457,706)</u>	<u>36,033,405,690</u>
Accumulated depreciation:				
Leasehold improvements	(3,207,203,527)	(456,915,611)	-	(3,664,119,138)
Right-of-use assets	(4,234,713,076)	(1,247,777,474)	917,004,544	(4,565,486,006)
Furniture and fixtures	(1,116,039,420)	(82,699,806)	-	(1,198,739,226)
Computer equipment	(2,059,727,299)	(303,752,875)	-	(2,363,480,174)
Motor vehicles	(1,270,696,231)	-	-	(1,270,696,231)
Total accumulated depreciation	<u>(11,888,379,553)</u>	<u>(2,091,145,766)</u>	<u>917,004,544</u>	<u>(13,062,520,775)</u>
Property and equipment	<u>25,165,148,823</u>			<u>22,970,884,915</u>

As at December 31, 2023

	Balances as at January 1, 2023 LAK	Additions LAK	Disposals LAK	Balances as at December 31, 2023 LAK
Cost:				
Leasehold improvements	9,540,648,957	-	-	9,540,648,957
Right-of-use assets	22,157,919,902	114,210,000	(90,012,000)	22,182,117,902
Furniture and fixtures	1,302,848,199	60,709,125	-	1,363,557,324
Computer equipment	2,463,915,637	232,592,320	-	2,696,507,957
Motor vehicles	1,270,696,236	-	-	1,270,696,236
Total cost	<u>36,736,028,931</u>	<u>407,511,445</u>	<u>(90,012,000)</u>	<u>37,053,528,376</u>
Accumulated depreciation:				
Leasehold improvements	(2,751,536,330)	(455,667,197)	-	(3,207,203,527)
Right-of-use assets	(2,937,373,694)	(1,387,351,382)	90,012,000	(4,234,713,076)
Furniture and fixtures	(1,051,587,760)	(64,451,660)	-	(1,116,039,420)
Computer equipment	(1,761,966,202)	(297,761,097)	-	(2,059,727,299)
Motor vehicles	(1,270,032,563)	(663,668)	-	(1,270,696,231)
Total accumulated depreciation	<u>(9,772,496,549)</u>	<u>(2,205,895,004)</u>	<u>90,012,000</u>	<u>(11,888,379,553)</u>
Property and equipment	<u>26,963,532,382</u>			<u>25,165,148,823</u>

Depreciation for the years ended December 31,

2024	LAK	<u>2,091,145,766</u>
2023	LAK	<u>2,205,895,004</u>

16. INTANGIBLE ASSETS

Intangible assets as at December 31, consist of the following:

As at December 31, 2024

	Balance as at January 1, 2024 LAK	Additions LAK	Disposals LAK	Balance as at December 31, 2024 LAK
Cost:				
Computer software	114,584,972	-	-	114,584,972
Total cost	114,584,972	-	-	114,584,972
Accumulated amortization:				
Computer software	(79,032,946)	(10,197,524)	-	(89,230,470)
Total accumulated amortization	(79,032,946)	(10,197,524)	-	(89,230,470)
Intangible assets	35,552,026			25,354,502

As at December 31, 2023

	Balance as at January 1, 2023 LAK	Additions LAK	Disposals LAK	Balance as at December 31, 2023 LAK
Cost:				
Computer software	114,584,972	-	-	114,584,972
Total cost	114,584,972	-	-	114,584,972
Accumulated amortization:				
Computer software	(68,863,284)	(10,169,662)	-	(79,032,946)
Total accumulated amortization	(68,863,284)	(10,169,662)	-	(79,032,946)
Intangible assets	45,721,688			35,552,026

Amortization for the years ended December 31,

2024	LAK	10,197,524
2023	LAK	10,169,662

17. OTHER ASSETS

Other assets as at December 31, consist of the following:

	2024 LAK	2023 LAK
Prepaid expenses	151,478,790	126,740,760
Others	-	86,891,913
	<u>151,478,790</u>	<u>213,632,673</u>

18. DEPOSITS

Deposits as at December 31, consist of the following:

	2024 LAK	2023 LAK
Demand deposits		
Current deposits	221,715,455,961	238,516,925,108
Savings deposits	394,832,531,027	372,668,487,481
Total	<u>616,547,986,988</u>	<u>611,185,412,589</u>
Time deposits		
Time deposits	347,575,069,416	334,480,400,737
Total	<u>347,575,069,416</u>	<u>334,480,400,737</u>
	<u>964,123,056,404</u>	<u>945,665,813,326</u>

Deposits classified by currency as at December 31, are as follows:

	2024 LAK	2023 LAK
LAK	107,167,072,937	160,126,860,291
USD	509,130,519,430	519,306,947,650
THB	347,825,464,037	266,232,005,385
	<u>964,123,056,404</u>	<u>945,665,813,326</u>

19. INTERBANK AND MONEY MARKET ITEMS (LIABILITIES)

Interbank and money market items (liabilities) as at December 31, consist of the following:

	2024 LAK	2023 LAK
Demand deposits at other banks		
Domestic banks	20,275,095,420	51,136,979,608
Total	<u>20,275,095,420</u>	<u>51,136,979,608</u>
Time deposits at other banks		
Domestic banks	42,958,000,000	115,000,000,000
Total	<u>42,958,000,000</u>	<u>115,000,000,000</u>
	<u>63,233,095,420</u>	<u>166,136,979,608</u>

20. OTHER LIABILITIES

Other liabilities as at December 31, consist of the following:

	2024 LAK	2023 LAK
Other payable	635,778	529,632,706
Accrued interest payable		
Deposits	4,587,537,068	5,488,253,755
Interbank and money market items	3,239,635,686	5,524,863,344
	<u>7,827,172,754</u>	<u>11,013,117,099</u>
Dormant accounts	600,965,209	605,717,668
Accrued expenses	679,288,715	983,942,379
Lease liabilities	20,297,655,000	19,340,370,000
Advance payment from customers	7,222,743,176	6,912,059,799
Value-added tax payable	33,008,087	36,951,772
Total	<u>36,661,468,719</u>	<u>39,421,791,423</u>

Lease liabilities consist of the following:

	2024 LAK Payment	2023 LAK Payment
Within one year	-	-
One year to five years	-	-
Over five years	20,297,655,000	19,340,370,000
	<u>20,297,655,000</u>	<u>19,340,370,000</u>

21. BRANCH CAPITAL

The Branch has an initial registered branch capital in amount of USD 5 million. In accordance with the Agreement on Increasing Minimum Registered Capital and Investment Capital of Commercial Bank No.141/PM dated September 24, 2009 by the BoL, the branch of foreign bank in the Lao PDR should maintain the minimum registered capital of LAK 100 billion by 2012.

According to Amended Law on Commercial Bank No. 56/NA dated on December 7, 2018 which was published in Lao Official Gazette on June 7, 2019 and in effective on June 21, 2019, the branch of foreign commercial bank in the Lao PDR should maintain the minimum registered capital of LAK 300 billion. The BoL allowed the Branch to increase capital either on a one-time basis or in phases over the five-year period, and the Branch considered to increase capital over the five-year period.

On January 2, 2020, the Branch injected the first capital injection to increase the registered branch capital in the amount of LAK 40 billion to LAK 140 billion by utilizing the Branch's retained earnings.

On July 26, 2021, the Branch injected the second capital injection to increase the registered branch capital in the amount of LAK 30 billion to LAK 170 billion by utilizing the Branch's retained earnings.

On April 18, 2022, the Branch injected the third capital injection to increase the registered branch capital in the amount of LAK 20 billion to LAK 190 billion by utilizing the Branch's retained earnings.

On March 27, 2023, the Branch injected the fourth capital injection to increase the registered branch capital in the amount of LAK 20 billion to LAK 210 billion by utilizing the Branch's retained earnings.

On October 27, 2023, the Branch injected the fifth capital injection to increase the registered branch capital in the amount of LAK 104 billion to LAK 314 billion by utilizing the Pakse branch's capital.

As at December 31, 2024 and 2023, the Branch has registered branch capital of LAK 314 billion.

22. LEGAL RESERVE

A legal reserve shall be maintained in accordance with the BoL regulations, comprising annual appropriation of 10% of net income.

As at December 31, 2024 and 2023, the Branch has legal reserve of LAK 32 billion and LAK 25 billion, respectively.

23. RELATED PARTY BALANCES AND TRANSACTIONS

Related party balances as at December 31, are as follows:

	2024 LAK	2023 LAK
Due from Head Office and other branches		
Deposits	572,207,471,581	380,704,152,668
Accrued interest receivables	2,233,182,774	127,935,844
	<u>574,440,654,355</u>	<u>380,832,088,512</u>
Due from Head Office and other branches		
Due from Head Office	60,441,109,612	58,660,327,415
Due from other branches	511,766,361,969	322,043,825,253
	<u>572,207,471,581</u>	<u>380,704,152,668</u>
Accrued interest receivables	2,233,182,774	127,935,844
	<u>574,440,654,355</u>	<u>380,832,088,512</u>

	2024 LAK	2023 LAK
Due to Head Office and other branches		
Borrowings	<u>257,748,000,000</u>	<u>276,291,000,000</u>
	<u>257,748,000,000</u>	<u>276,291,000,000</u>
Due to Head Office and other branches		
Due to Head Office	<u>257,748,000,000</u>	<u>276,291,000,000</u>
	<u>257,748,000,000</u>	<u>276,291,000,000</u>

Due from Head Office and other branches as at December 31, are classified as follows:

	2024 LAK	2023 LAK
a) By type:		
Demand deposits	224,229,971,581	202,694,152,668
Time deposits	<u>347,977,500,000</u>	<u>178,010,000,000</u>
	<u>572,207,471,581</u>	<u>380,704,152,668</u>
b) By currencies:		
USD	190,787,739,869	188,508,238,326
THB	381,344,523,363	192,112,780,398
EUR	<u>75,208,349</u>	<u>83,133,944</u>
	<u>572,207,471,581</u>	<u>380,704,152,668</u>

Interest rates on time deposits due from Head Office and other branches for the years ended December 31, 2024 and 2023 are 0.40% - 5.45% per annum and 0.50% - 5.50% per annum, respectively.

Due to Head Office and other branches as at December 31, are classified as follows:

	2024 LAK	2023 LAK
a) By type:		
Borrowings	<u>257,748,000,000</u>	<u>276,291,000,000</u>
	<u>257,748,000,000</u>	<u>276,291,000,000</u>
b) By currencies:		
USD	<u>257,748,000,000</u>	<u>276,291,000,000</u>
	<u>257,748,000,000</u>	<u>276,291,000,000</u>

Interest rates on borrowings due to Head Office for the years ended December 31, 2024 and 2023 are 3 months CME term SOFR +2.05% per annum.

Significant transactions with related parties for the years ended December 31, are conducted on normal commercial terms as follows:

	2024 LAK	2023 LAK
Interest income		
Other branches	14,446,089,679	12,085,039,911
Interest expenses		
Head Office	19,830,032,293	18,818,253,376

24. CONTINGENT LIABILITIES

Contingent liabilities as at December 31, consists of the following:

	2024 LAK	2023 LAK
Undrawn loan commitments	20,044,399,697	21,239,451,264
Letter of guarantee	1,094,450,379,237	1,004,619,689,768
Bills for collection	11,570,034,722	14,113,743,273
	<u>1,126,064,813,656</u>	<u>1,039,972,884,305</u>

In addition, in 2024, the Branch was subject to a tax audit by the Lao tax authorities for the fiscal years 2013 and 2014 and subsequently is in the process of finalizing the assessment whereas preliminary result show immaterial impact.