

Annual Report 2023

ACLEDA mobile



CRM



Credit

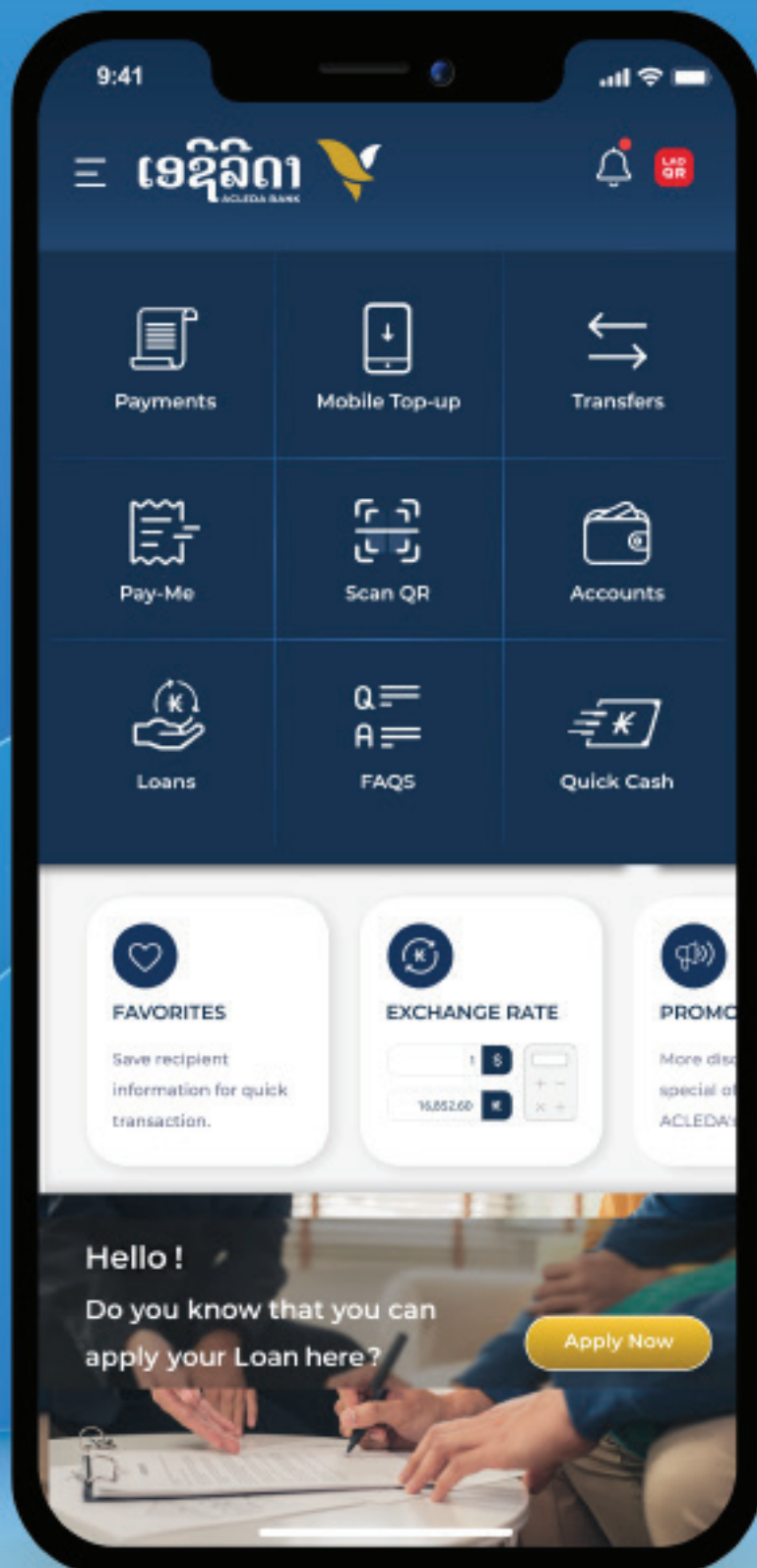


Deposit



ທຸກວັນ ທຸກທີ ທຸກເວລາ

ANYDAY ANYWHERE ANYTIME



ACLEDA mobile



Vision

To be the leading SME bank in the Lao PDR

Mission

Our mission is to provide small and medium entrepreneurs with the wherewithal to manage their financial resources efficiently and by doing so to improve the quality of their lives. By achieving these goals, we will ensure sustainable benefits to our shareholders, our staff and the community at large. We will at all times observe the highest principles of ethical behavior, respect for society, the law and the environment.

This report has been prepared and issued by the Marketing Department of ACLEDA Bank Lao Ltd., to whom any comments or requests for further information should be sent:

HEADQUARTERS:

#398, Corner of Dongpalane and Dongpaina Road, Unit 20,
Phonesavanh Neua Village,
Sisattanak District, Vientiane Capital,
Lao PDR, P.O. Box: 1555
Tel: +856 (0)21 416 999 / 1800;
E-mail: acledabank@acledabank.com.la
Website: www.acledabank.com.la



FINANCIAL RESULTS

Units in million LAK, US\$ '000	31/12/2023		31/12/2022		31/12/2021		31/12/2020		31/12/2019		Change %
	Audited		Audited		Audited		Audited		Audited		
	LAK	USD	LAK	USD	LAK	USD	LAK	USD	LAK	USD	
Assets	3,666.646	186.912	2,794.899	162.532	2,265.286	205.077	1,801.264	193.872	1,619.088	182.515	31,19%
Loans (Net of provision)	2,560.155	130.507	2,093.152	121.723	1,650.967	149.463	1,355.036	145.844	1,160.975	130.873	22,31%
Liabilities	2,879.653	146.794	2,161.474	125.696	1,746.205	158.085	1,361.496	146.539	1,229.776	138.629	33,23%
Deposits	1,741.877	127.018	1,368.536	112.281	1,509.170	136.626	1,181.692	127.187	995.316	112.199	27,28%
Issued and Paid up Capital	460.000	23.449	420.000	24.424	380.000	34.402	340.000	36.595	300.000	33.818	9,52%
Shareholders' Equity	786.993	40.118	633.425	36.836	519.081	46.993	439.768	47.333	389.312	43.886	24,24%
Total income (Gross)	533.829	27.563	433.623	28.863	338.708	30.663	289.938	31.206	242.186	27.301	23,11%
Profit before tax	196.170	10.580	148.783	10.294	102.228	9.255	65.919	7.095	48.128	5.425	31,85%
Net Profit after tax	155.344	8.383	116.046	8.057	81.864	7.411	53.611	5.770	33.422	3.768	33,86%

TAX PAID REPORT

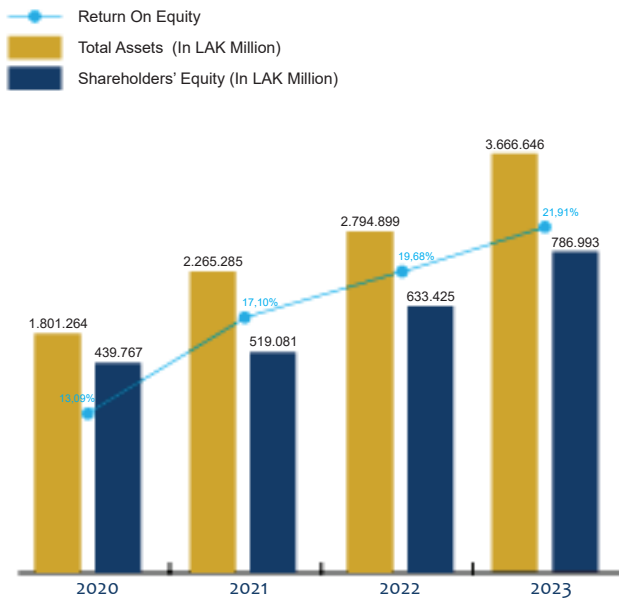
Description	2019	2020	2021	2022	2023	Total*
(Amount in LAK millions)						
Salary Tax	3.125,83	2.194,27	2.615,55	4.092,21	5.603,29	35.122
Minimum Tax	-	-	-	-	-	1.601
Profit Tax	14.706,04	12.307,97	20.363,85	32.717,52	40.825,56	146.882
Board Meeting Fee Tax	274,34	114,60	94,28	175,48	260,20	1.468
Withholding Tax (Loans overseas)	443,13	711,50	390,50	78,53	-	7.468
Value Added Tax	1.261,71	623,70	1.581,04	914,52	705,94	7.982
Mandatory Profit Tax	274,53	152,38	436,33	361,60	262,94	1.864
Other Tax ²	-	4.000,00	4.002,50	4.155,29	4.001,61	16.159
License Fees ¹	-	-	20,00	-	-	352
Installation Signboard Fee	27,89	29,95	12,78	27,84	15,64	287
Total Paid	20.113	20.134	29.516	42.523	51.675	219.186
Accumulated Amount	75.337	95.471	124.984	167.511	219.186	

1. 2020-2023: ACLEDA Bank Lao Ltd. Have obligation to pay income tax from adding register capital and individual income tax and etc.

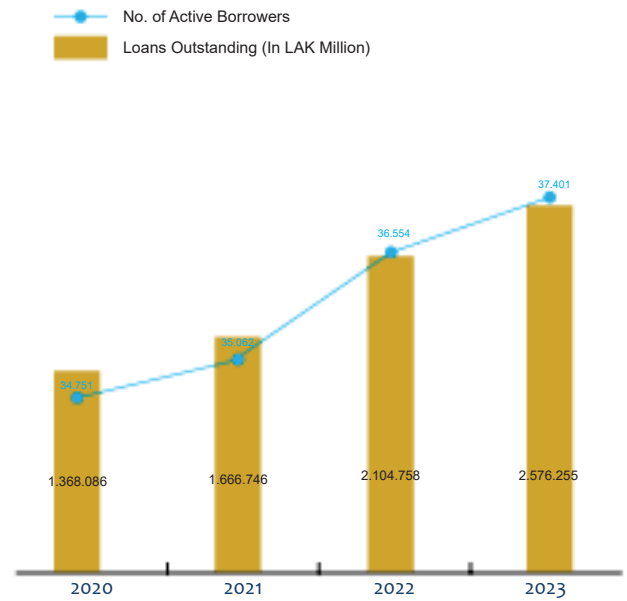
* 2009-2023 : Total Paid & Accumulated

PERFORMANCE

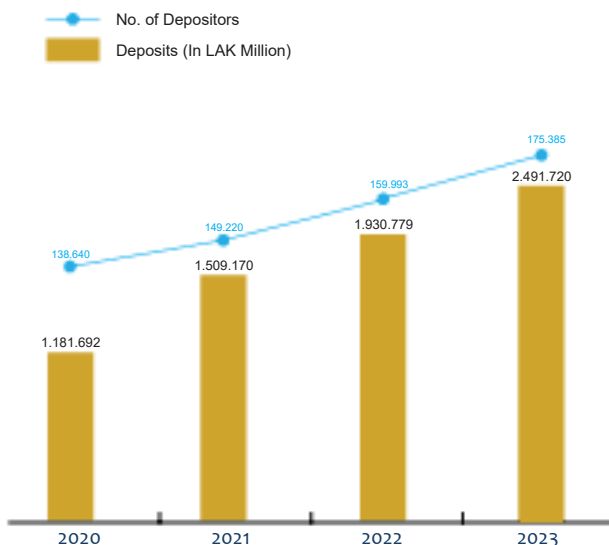
Total Assets VS Return on Equity



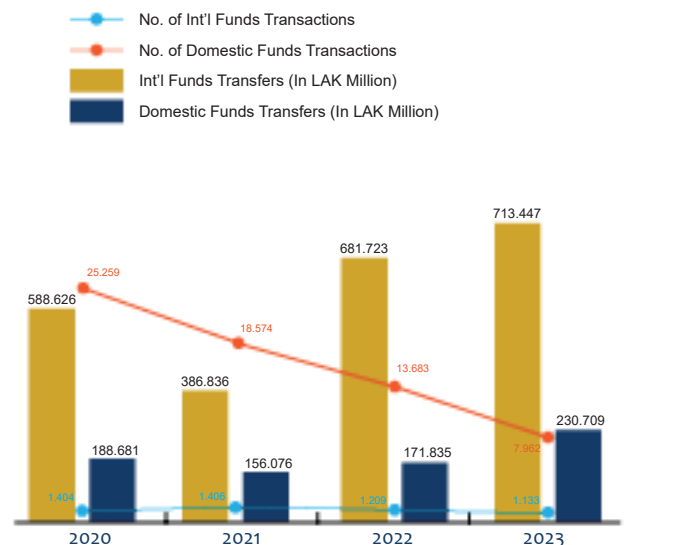
Loans Outstanding VS No. of Active Borrowers



Deposits VS No. of Depositors



Domestic and Int'l Funds Transfers VS No. of Transactions



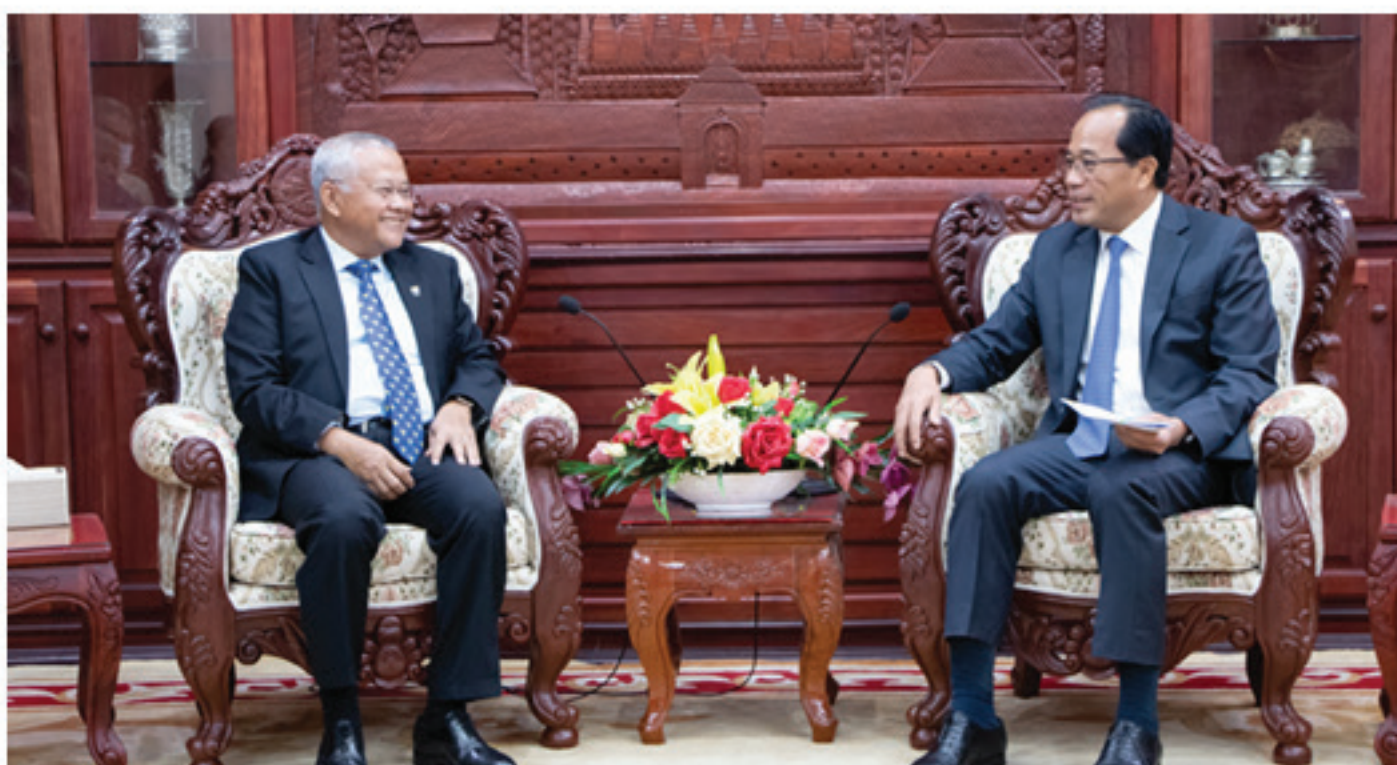
These figures relate to the operations of ACLEDA Bank Lao Ltd. only.

CONTENTS

Page			
2	Financial Results	30	Board Governance Committee
3	Tax Paid Report	31	Board Risk Management and IT Committee (BRIC)
4	Performance	32	Environmental and Social Sustainability Report
6	Lao PDR Key Economic Indicators	37	Corporate Information

7	Chairman's Report	38	Management's Responsibilities in Respect to the Financial Statements
10	Managing Director & CEO's Report	39	Independent Auditor's Report
12	Offices Network	41	Statement of Financial Position
13	ATM Network	42	Statement of Income
14	Organizational Chart	43	Statement of Changes in Capital and Other Reserves
15	Corporate Governance	44	Statement of Cash Flows
15	Shareholders' Meeting	45	Notes to the Financial Statements
15	Shareholders	72	Bank Management
16	Board of Directors	78	Customer Business

19	Management at our Headquarters	79	ACLEDA Bank Lao Ltd.'s Office Addresses
29	Report of the Board of Directors		
29	Board Audit Committee (BACO)		



Dr. Channy IN, Chairman of the Board of Directors of ACLEDA Bank Lao Ltd., visited H.E Dr. Bounleua SINXAYVORAVONG, Governor of the Bank of the Lao PDR

LAO PDR KEY ECONOMIC INDICATORS

	2019	2020	2021	2022	2023 ^(p)	2024 ^(f)
1. GDP						
GDP % change	6,4	3,3	3,5	4,4	3.7	4.1
Per Capita GDP (in US Dollars)	2.683	2.664	2.595	2.022	-	-
2. Inflation						
Inflation (end period)	6,28	3,19	5,27	39,27	24.37	-
Inflation (annual average)	3,32	5,07	3,75	22,96	31.23	15.2
3. Money and Credit (percentage change)						
Total Deposits in the Banking System	15,42	17,09	25,00	-	35.17	-
Total Credit in the Banking System	7,75	4,77	11,58	-	29.19	-
Credit as a Percentage of GDP	45,33	45,16	47,19	-	-	-
Deposits as a Percentage of GDP	51,80	59,21	69,28	-	-	-
4. Balance of Payments (in millions of U.S Dollars)						
Exports	4.268,15	6.143,14	5.814,91	-	8.370	-
Imports	4.416,89	5.373,87	4.803,34	-	7.189	-
Trade Balance	-148,74	769,27	1.011,57	-	1.181	-
Current Account Balance (Excluding Official Transfers)	652,09	372,06	209,94	-	-	-
Current Account	507,54	-120,17	257,11	-	-	-
Exchange Rate (Kip per Dollar end period)	8.875,93	9.659,49	11.058,69	-	20.638,19	-

Note: P: Preliminary Data, f: Forecast

Source: Bank of the Lao PDR, International Monetary Fund, World Bank, Asian Development Bank.



The Board of Directors of ACLEDA Bank Lao Ltd., meet
H.E Dr. Bounleua SINXAYVORAVONG, Governor of the Bank of the Lao PDR.



CHAIRMAN'S REPORT

Dr. Channy IN

Chairman of the Board of Directors of
ACLEDA Bank Lao Ltd.

Economic Environment

The Lao economy has continued its recovery in 2023, with GDP growth forecast at 3.7 percent, up from 2.7 percent 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, labor shortages, and unfavorable weather. Inflation has increased consumption costs, reduced household spending on food, education, and health, and depleted savings, thereby placing many households at risk of falling into poverty. To restore economic stability, it is crucial that ongoing debt renegotiations are successfully concluded and that more revenue is raised to protect spending on human capital.

Banking Sector

Credit growth in KIP terms has moderated in the first half of 2023. Total credit growth in kip (to private sector, SOEs and the government combined) decelerated to 25 percent in the year to June 2023 from 48 percent a year ago, largely due to slower lending to all borrowers. Assuming a stable exchange rate as in 2021, the depreciation effect would account for almost 60 percent of the changes in credit outstanding between June 2022 and June 2023. Commercial bank lending to the economy (to private and state-owned enterprises) also expanded at a slower pace to 28 percent year-on-year from 44 percent during the same period, reflecting more prudent lending by banks and reportedly lower loan demand due to economic difficulties. Commercial bank lending to the economy mostly comprises lending to industry, commerce, service, and construction sectors.

While total credit growth to the government decelerated in the first half of 2023, the contribution of Bank of the Lao PDR (BOL) lending to the government has remained substantial since 2022. BOL's liquidity supported the recapitalization bonds for restructuring two banks, Lao Development Bank and Agriculture Promotion Bank, and deficit financing. Total lending to the government rose to 11 percent of GDP in the year to June 2023, of which half was from BOL.

Broad money growth slowed, while reserve money accelerated in the first half of 2023. Reserve money grew by 39 percent in the year to June 2023, from 27 percent a year ago, reflecting commercial banks' growing deposit and required reserves deposits at the central bank. On the asset side, the BOL's net lending to the government rose. Broad money growth slowed to 27 percent in the same period, partly due to moderated deposit and credit growth, which is inflated by the depreciation of the Lao kip. As the kip loses value against other currencies, holding foreign currencies has been preferred as a hedge against depreciation expectations. This contributes to an increase in the ratio of foreign currency deposits to broad money, from 51 percent in January 2021 to 66 percent in June 2023.

CHAIRMAN'S REPORT

Foreign Direct Investment

The financial account balance increased in the first half of 2023, owing to higher direct and portfolio investments. The financial account recorded a surplus of US\$230 million in the first half of 2023, double the level from last year, as foreign direct investment and portfolio investment net inflows outweighed other investment net outflows. Foreign direct investment rose to US\$470 million (or by 56 percent year-on-year) mainly supported by investments in power projects. Portfolio investment net inflows also rose partly due to EDL-Gen bonds in the first half of 2023 (3.1 million baht) for refinancing bonds due in July 2023. In the meantime, other investment experienced net outflows, partly due to principal repayments on external debt and outward flows by foreign bank branches.

Although the overall balance of payments improved in the first half of 2023, errors and omissions suggest large unaccounted outflows and hence low reserve buffers. The overall balance of payments recorded a surplus of US\$409 million in the first half of 2023, supported by current account and financial account surpluses. However, negative net errors and omissions suggest large unaccounted net outflows, mostly related to limited repatriation of resource exports, which could mean net income outflows and informal trade. As a result, gross official reserves buffers remain limited, despite increasing from US\$1.1 billion in December 2022 to US\$1.5 billion in June 2023, covering less than two months of imports of goods and services.

Export and Import

The net trade surplus in goods and services reached nearly US\$700 million in the first half of 2023, a 12 percent year-on-year increase. This was supported by tourism and transport services, which partly compensated for stagnant merchandise exports and rising overall imports. Export of goods stagnated in the first half as an increase in mining offset declines in electricity, manufacturing, and agriculture. Only about 41 percent of total export proceeds were reportedly repatriated to the Lao economy in the first nine months of 2023, thus contributing to limited foreign exchange liquidity. On the other hand, imports of goods rose by 4 percent year-on-year, mainly from equipment and construction materials, followed by vehicles and fuel. In addition, net income payments have exerted additional pressure, at US\$450 million in the first half of 2023, despite public debt service deferrals. Therefore, despite the improvement in the current account balance in official statistics, the associated net cash flows into the Lao economy are still in deficit, which places a persistent pressure on the exchange rate.

Economic Outlook

Economic growth had been slowing over the last decade owing to the limitations of a resource-driven economic model and accumulated structural imbalances, aggravated by recent shocks (such as the COVID-19 pandemic in 2020) and a deteriorating global economic environment. The post-pandemic recovery has been slower than the regional average, largely due to long-standing structural imbalances. A history of high fiscal deficits and large investments in the power sector have led to an unsustainable debt burden. External debt service payments have risen due to the accumulation of non-concessional debt (with higher interest rates and shorter maturities), which has increased the demand for foreign exchange. At the same time, generous tax incentives for foreign investors have deprived the country of vital foreign exchange. These factors, coupled with high import demand in a context of low foreign reserves, have contributed to a significant foreign currency demand-supply mismatch. These imbalances have fuelled depreciation pressures, which in turn aggravate the public debt burden and pass through to high domestic inflation. High debt service obligations constrain the fiscal space available for investments in human capital, which are crucial for improving labor productivity and long-term growth. A slower recovery, coupled with inflation also means pressure on people's incomes and living standards.

Significant Decision of the Board of Directors and Achievement of ACLEDA Bank Lao Ltd. in 2023

• Governance

The Board of Directors had conducted face-to-face meeting at ACLEDA Bank Lao Ltd.'s Headquarters (Vientiane Capital, Lao PDR) three times in March, June, September and one face-to-face meeting at ACLEDA Bank Plc.'s Headquarters, Phnom Penh, Cambodia in December during 2023. Additionally, the Board of Directors passed resolutions on special matters via E-mail. The main activities in 2023 as follows:

- Reviewed on the Bank's quarterly Financial Reports and received progress reports on all operational aspects of the bank's operations including services and products;
- Review, approved and recommended to the Shareholders for final approval on the Audited Financial Statements and Annual Report for the year 2023.
- Review, approved and recommended to the Shareholders for final approval on the Business Plan, Budget and Capital Expenditure Plan, and

CHAIRMAN'S REPORT

Funding Strategy 2023;

- Reviewed and approved on the Amendment of TORs of Board Committees;
- Reviewed Reports of Board Committee Chairmen on their committee activities;
- Reviewed and approved on the Amendment of Policies and Operating Manuals of ACLEDA Bank Lao Ltd;
- Approved and recommended to the Shareholders for final approval on the dividend of profit for year 2022;
- Approved and recommended to the Shareholders for final approval on the registered Capital Injection for 2023;
- Approved and recommended to the Shareholders for final approval on appointment KPMG Lao Co., Ltd as an independent external auditor for the year 2023;
- Approved and recommended to the Shareholders for final approval of re-appointment of Dr. Channy IN as a Chairman of the Board of Directors of ACLEDA Bank Lao Ltd.;
- Approved and recommended to the Shareholders for final approval of re-appointment of Mr. Soeun CHHAY as a member of the Board of Directors of ACLEDA Bank Lao Ltd.;
- Approved and recommended to the Shareholders for final approval of re-appointment of Mr. Raksmei NGUON as a Managing Director & CEO of ACLEDA Bank Lao Ltd.;
- Approved and recommended to the Shareholders for final approval of granting Drs. Pieter Kooi to end of the mandate of all his duties and liabilities in respect of the position of Vice-Chairman of the Board of Directors and to appoint Mr. Soeun Chhay as a new Vice-Chairman of the Board of Directors of ACLEDA Bank Lao Ltd.;
- Considered and approved to revise the composition of the Board Committees of ACLEDA Bank Lao Ltd;
- Approved on set inflation rate for ACLEDA Bank Lao Ltd.'s employees for 2023;
- Approved to the schedule of meeting for the year 2024.

Achievements of ACLEDA Bank Lao Ltd. in 2023

Since the opening of ACLEDA Bank Lao Ltd., our mission has been to build a commercial bank with an extensive branch network throughout Lao PDR, providing access to retail banking services with a special focus on the lower segments of the market. We will at all times observe the highest principles of ethical behavior, respect for society, the law and the environment. At the end of December 31st, 2023, ACLEDA Bank Lao Ltd. had 988 staffs working in 37 offices nationwide. It had total assets of USD 186.911.687, gross loan outstanding USD 131.327.683 and balance of deposit USD 127.018.431. From a

performance perspective, we are pleased to report that ACLEDA Bank Lao Ltd. had its five consecutive year of increase in terms of income. Over the year, ACLEDA Bank Lao Ltd. focused on risk mitigation and improve loan assets quality. The loan increase mainly stemmed from an increase in loan to small 3 and medium enterprises. In closing, we would like to express our sincerest gratitude to the Government of Lao PDR, the Bank of Lao PDR, regulators, all relevant authorities and our customers for their supports and our gratitude to the managements and staffs for their efforts. Our Board of Directors and staffs remain committed to building ACLEDA Bank Lao Ltd. into the best bank in Lao PDR.

Dr. Channy IN

Chairman of the Board of Directors,
ACLEDA Bank Lao Ltd.

Source from: World Bank



MANAGING DIRECTOR & CEO'S REPORT

Mr. Raksmei NGUON
Managing Director & CEO

“ACLEDA Bank Lao Ltd. ‘ABL’ celebrates the 15th Years ‘2008-2023’ anniversary of progressive operation with the most secure financial services, effective offices networking, ATMs, CRMs, Electronic Banking Services ‘EBS’ and sustainable growth together with our loyalty customers. To be the leading SME bank in the Lao PDR, ACLEDA Mobile (App.) becomes a popular and user friendly in a faster way, ABL is enable to serve more customers in all segments of the community to undertake banking transactions anytime anywhere. Ranging No.1 commercial bank to contribute the Laotian employment in the industry and the Award Winner of 2023 from Global Banking and Finance for the Best SME Bank in the Lao PDR., we have invested into the staff capacity building, e-facility, optimum infrastructure and modern banking technology, so the Bank is capable to respond to all stakeholder’s needs, our valued customers and SME sector in particular”.

Performance in 2023

Competitive environment

Simply beautiful and rich resources country, Lao PDR faced a few issues such as inflation, foreign currency shortage and exchange depreciation. The challenge and opportunity give leverage to ACLEDA Bank Lao Ltd. serving customers through digital channel and ACLEDA Mobile, the real bank in your hand, increasingly.

The Lao PDR remains a market of significant interest for investors in banking and financial services under the current regulatory environment with relative high competition among 35 banks operating business which consist of 01 state own commercial banks, 01 specialize bank, 05 joint state commercial banks, 07 private banks, 09 subsidiary banks and 12 foreign commercial bank branches, 266 financial institutions/shops are operating in Laos of which 20 are deposit taking entities, 113 non-deposit taking MFI, 38 are savings and credit unions, 32 leasing companies, 58 pawnshops. 05 money transfer companies. There was remaining competition in both price and service facility in the FinTech arena due to the innovation and marketing mix. The Bank of the Lao PDR ‘BOL’ updates more regulations and leverage the free market operation for the banking industry, notably the players can be flexible on interest rate up on the market demand and trend. The local currency (Lao Kip or LAK) is so depreciated and its less restriction on lending in foreign currencies. The challenge of the required collateral with hard land-title limits partial opportunity of customers to access finance at their preferred cost. However, ACLEDA Bank Lao Ltd., with an optimum infrastructure of physical offices in 15 provinces and cities amongst the 18 in Laos, our ATMs, CRMs, EBS and the advanced App. “ACLEDA mobile”, remains in well position of transparency service provider and toward the market leader.

MANAGING DIRECTOR & CEO'S REPORT

Operational Performance

- ACLEDA Bank Lao Ltd. posted the net profit after tax 'NPAT' LAK 155,344,050,104 (US\$ 8,382,874) under the standard of IFRS 16 in 2023 under the challenge and opportunity of operational environment.
- ABL continued its cost reduction and risk control efforts to maximize income properly.
- FinTech Products integrated ABL's electronic banking infrastructure, offering the Bank's customers a range of choices to manage their financial resources effectively to conduct business transactions, as needed, with a high level of security. ACLEDA mobile has been registered 153,979 users by December 2023 and upward trend after its public launch on June 25th, 2018.
- Total loans outstanding as at December 2023 was LAK 2,576,255,158,980 (US\$131,327,683).
- Non-Performing Loan 'NPL' was well managed and far lower than the required limit.
- ABL maintained the adequate liquidity with noticeable top-record of loans portfolio in 15-Year of operation and optimal business model focusing on diversified SME credit, quick SME loan and larger business scale.
- Total deposit mobilization is at upward trend and increased to LAK 2,491,720,558,769 (US\$ 127,018,431). The growth was mainly led by the proactive TEAM 'Together Everyone Achieve More', new strategy and optimal offices networking, 57 ATMs and 3 CRMs with 53,516 cards holders and advanced App. ACLEDA mobile with 153,979 registered users.
- ABL posted a record profit which resulted from the margin lending to the retail business and the bank's operating efficiency ratio was at 31.25%. The return on average asset 'ROAA' and return on average equity 'ROAE' were 4.76% and 21.91% respectively at the end of 2023.

Challenges

The exchange depreciation and the inflation jump so high, it hard for ACLEDA Bank Lao Ltd to borrow from foreign lender in foreign currency, however our business model focus on SMEs. They are dealing with the daily household consumption, and we can manage the growth of our business in line with the environment.

Strategic Priorities

1. Sustainable source of fund with conducive deposit mobilization, proactive interbank market and facility, digital services and fee-based income oriented.
2. SMART goal and productivity to set a clear target of growth projection and maintain a strong capital base with Capital Adequacy Ratios comfortably exceeding regulatory requirements.
3. Human resource asset and capacity building to

concentrate on gradual knowledge and morality 'ethic professional' and develop our 'transparency service culture' for customers from all segments and the 5 Good Wordings: speak truly, gently, usefully, right time, and positively.

4. To be the leading SME bank in the Lao PDR with focal point on the quick SME loan, medium and larger business scale with proper credit process.

5. Superior financial service to follow our customers' need providing a comprehensive range of financial innovation as they move up the wealth ladder.

6. Compliance facilities with transparency way, good attitude and impartiality and be tolerated No Corruption.

7. Build strategic partnerships with reputable counterparts, domestically and internationally, in areas where they are synergistic with ABL's core business to develop capabilities and financial service.

8. Develop and upgrade EBS with Financial Technology Solutions 'FinTech' and Digital Banking App. 'ACLEDA Mobile' allowing two ways global access, self-service, and cross-up selling opportunities conveniently.

9. Efficient workflow for customer satisfaction, keep enhancing the digital oriented approach and to be the leading SME bank in the Lao PDR.

Celebrating the noticeable year 2023 of sustainable growth, the plus during the challenge period, I would like to introduce our most advanced banking App, well known as 'ACLEDA Mobile'. The App. was developed with the purpose to conveniently serve you, your family, colleagues and friends — 24 hours a day, seven days a week. With ACLEDA Mobile, you can now manage your business efficiently and execute your banking transactions anytime anywhere with reliable built-in security. To be the leading SME bank in the Lao PDR, ACLEDA Bank Lao has chance to serve customers at all levels and uniquely the SME sector with various types of commercial bank products including the electronic banking services, individual and corporate deposit, lending to individual, quick SME loan and each large scale business up to billions Lao Kip or millions of US dollar, fund transfer, cash management, payroll, banc-assurance and so on.

To all our customers, my colleagues on the Board of Directors, Shareholders, management and staff, our professional consultants, and not least the Government and the Bank of the Lao People's Democratic Republic, I offer my sincerest thanks both for your support in 2023 and in anticipation of a happy and prosperous year 2024 steadily.



Mr. Raksmei NGUON

Managing Director & CEO

of ACLEDA Bank Lao Ltd. March 13, 2023

OFFICES NETWORK

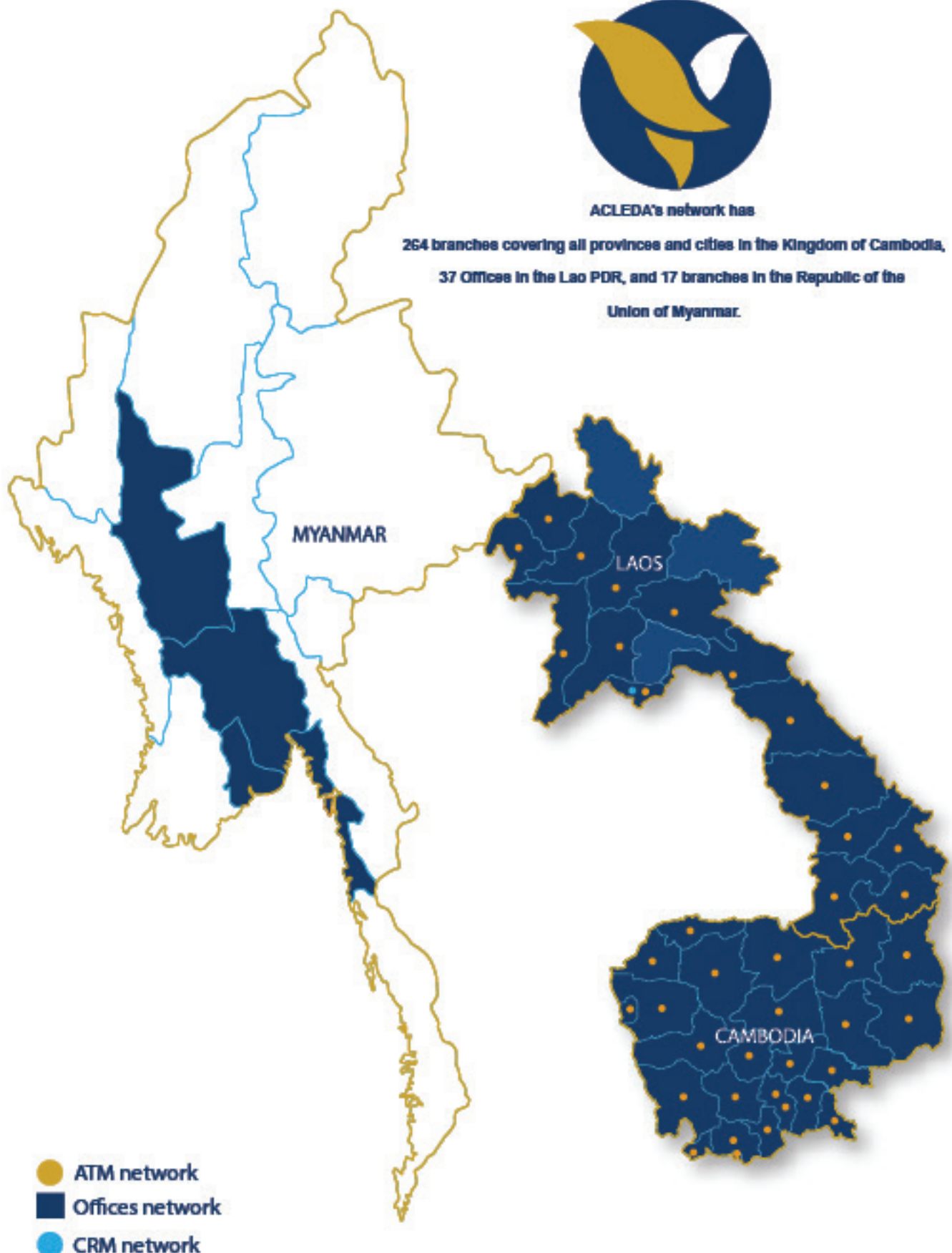


ACLEDA's network has

264 branches covering all provinces and cities in the Kingdom of Cambodia,

37 Offices in the Lao PDR, and 17 branches in the Republic of the

Union of Myanmar.



ATM NETWORK

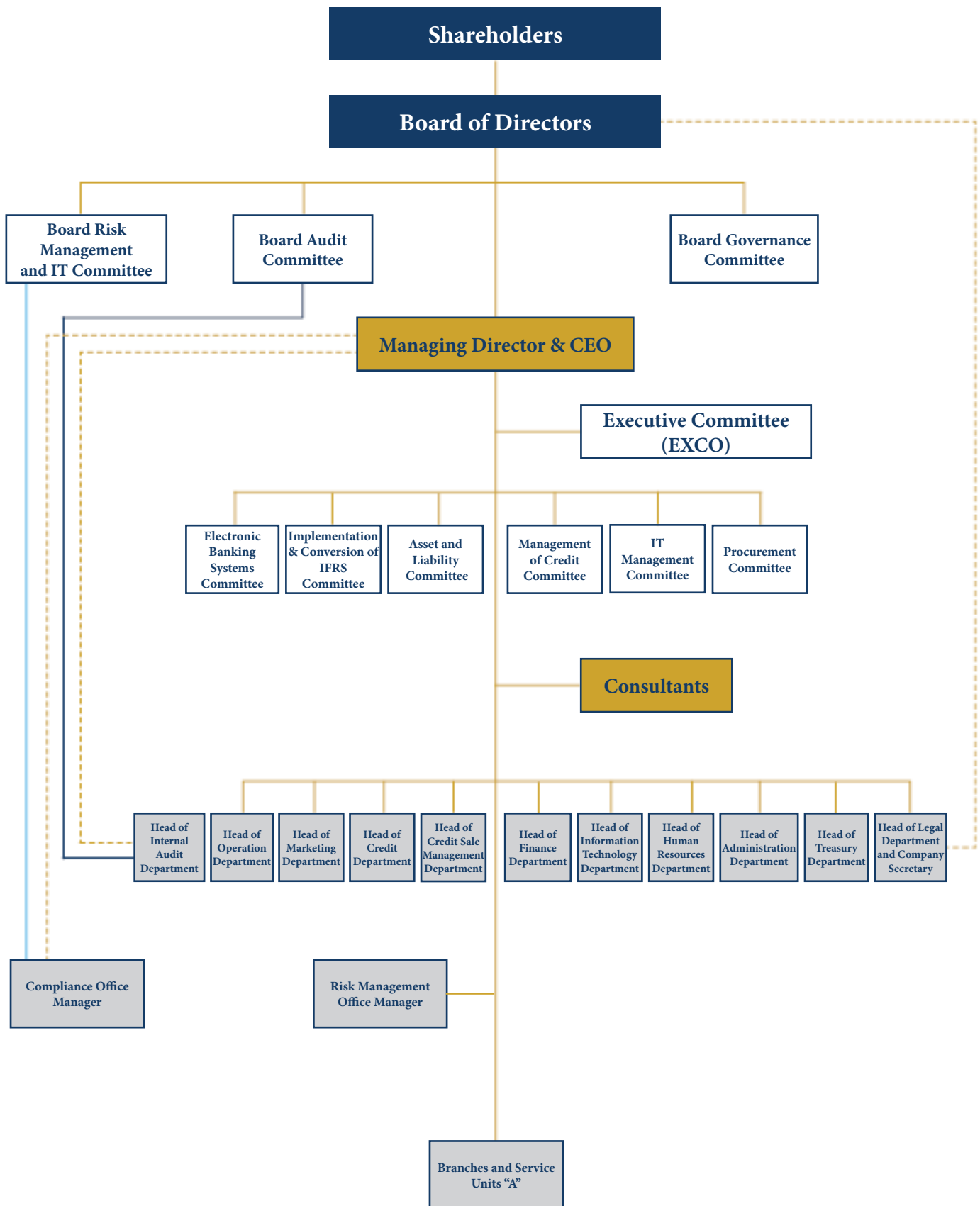


1	Headquarters ATM 1	35	Savannakhet Branch ATM
2	Headquarters ATM 2	36	Champhone Service Unit B
3	Dongkhamkang ATM	37	Teacher Training College
4	LSFC ATM	38	Outchoumphone Service Unit A
5	SED-VIE ATM	39	Saravane Service Unit A
6	Sikhottabong Branch	40	Kongsedon Service Unit A
7	SANTICS company	41	Sakong Service Unit A
8	Sanammar ATM	42	Champasak Branch ATM 1
9	Laongam Service Unit B	43	CPS-Lakmouang-ATM
10	Chaofongom park	44	Champasak Service Unit B
11	Mahosot hospital	45	Attapou Service Unit A
12	Nongbong ATM	46	Somsa ngat ATM
13	Suanmon Branch	47	Dongdok ATM
14	Souksavath College	48	Xayboully Service Unit B
15	150-Hospital	49	Bolikhon Service Unit B
16	Chanthaboully Branch	50	Thangona Service Unit B
17	Donanoun Branch	51	Oudomxay Service Unit A
18	Songkhona Branch	52	Luangrabang Branch
19	WatChan ATM	53	Luangnamtha Service Unit A
20	Technical College	54	Meuzapin Service Unit A
21	Nongping ATM	55	Paksong Service Unit A
22	Hachayfong ATM	56	Donkoi ATM
23	Xaysettha Branch	57	LONGPOR ATM
24	Nongbok Service Unit B	58	Friendship-ATM
25	Bokeo Service Unit A	59	PHONTONG-ATM
26	NU-LPB	60	Naxaythong-ATM
27	Xayboully Branch		
28	Xiangkhouang Service Unit A		
29	Vangvieng Service Unit A		
30	Phonhong Service Unit A		
31	Lak 52 Service Unit B		
32	Bolikhamsay Branch		
33	Thakhek new		
34	Khammouane Branch		

- Offices Network
- ATM Network
- ATM CRM

ATM CRM	
1	Headquarters CRM
2	Chantabouly Branch
3	Dongpoun Branch

ORGANIZATIONAL CHART



The organizational chart as at 31 December, 2023

CORPORATE GOVERNANCE

ACLEDA Bank recognizes the critical importance of corporate governance in supporting the Bank's sustainable growth, enhancing the efficiency of the Bank, creating shareholders values, and securing trust for all stakeholders including shareholders, customers, staff and the general public. The Board of Directors supports and encourages the adoption and implementation of good corporate governance policy, together with the code of conduct and business ethics.

Shareholders' meeting

The Bank holds its Annual General Meeting of Shareholders in compliance with the law, the Article of Association and other relevant regulations. The Annual General Meeting of Shareholders was held on April 24th, 2023 at the Bank's Headquarters and additional fifteen resolutions was passed by e-mail during the year. The Bank took the following actions:

Prior the Meeting

The Meeting Notice, containing detailed agendas, factual details, rationale and Board recommendations for each agenda item as well as accompanying documents and the Annual Report 2022 and the Report of Financial Statements produced by the external auditor. The Meeting Notice and accompanying documents were prepared in English and were delivered to all Shareholders in advance of the Annual General Meeting.

During the Meeting:

The Annual General Meeting of Shareholders was chaired by the Chairman of the Board of Directors. The Chairman allowed Shareholders full opportunity to ask questions and make recommendations and provided comprehension clarification when requested. The Management also clarified and answered related issues. The Minutes and votes for each agenda item were recorded by the Company Secretary.

The Key Matters approved in 2023 were:

- The election Chairman of Board of Directors as the Chairman of the AGM No.15;
- The minutes of the Fourteenth Annual General Meeting of Shareholders dated April 25th, 2022;
- The Audited Financial Statements for the year 2022;
- The annual report for the year 2022 of ACLEDA Bank Lao Ltd;
- The approval of the 2023 Business Plan and CAPEX;
- The approval of appointment KPMG Lao Co., Ltd as an independent external auditor for the year 2023;
- The approval of the dividend of profit for year 2022;
- The approval of registered Capital Injection for 2023;
- The approval of amendment the MAOA and SSA;
- The approval of re-nominate Dr. Channy IN as a Chairman of the Board of Directors;
- The approval of re-nominate Mr. Soeun CHHAY as a Member of the Board of Directors;
- The approval of re-nominate granting Drs. Pieter Kooi to end of the mandate of all his duties and liabilities in respect of the position of Vice-Chairman of the Board of Directors and appointing Mr. Soeun Chhay as a new Vice-Chairman of the Board of Directors;
- Schedule for the next AGM.

Following the Meeting:

The Minute of the Annual General Meeting of Shareholders was circulated to all Shareholders for their perusal prior confirmation at the next Annual General Meeting.

Shareholders

ACLEDA Bank Plc.

ACLEDA Bank Plc. is a public limited company, formed under the Banking and Financial Institutions Law of the Kingdom of Cambodia. Originally, it was founded in January 1993 as a national NGO for micro and small enterprises' development and credit. It went through two major successful transformations from Microfinance to Specialized Bank and then to a Commercial Bank in 2000 and 2003 respectively, in order to provide full banking services to meet customer demand. ACLEDA Bank Plc. is the first bank in Cambodia to have been assigned ratings by the top international credit rating agency - Standard & Poor. ACLEDA Bank Plc. is 51.4915% owned by Cambodian interests, while SMBC (SUMITOMO MITSUI BANKING CORPORATION) hold 18.0669%, COFIBRED (a subsidiary of Banque Populaire) and ORIX Corporation respectively hold 12.1271%, NHTPE Rumdul hold by 3.5000%, Triodos Microfinance Fund hold by 1.4485%; and 1.2388% by Triodos Fair Share Fund. At the end of December 31st, 2023, ACLEDA Bank Plc. had 12,045 employees working in 264 offices nationwide that total

assets of USD 9,606 million, Loans and advances to customers USD 6,457 million, and balance of deposit USD 7,102 million. Today ACLEDA Bank Plc. is offering Electronic Banking Services, Deposits, Credits, Funds Transfers, Cash Management, Trade Finance, Money Exchange, Financial Lease, Referral Life and General Insurance (Partnership with Prudential (Cambodia) Life Assurance and Forte), Bank Consultancy, Financial Health Check and a comprehensive list of other retail banking services tailored to its customers' growing demands.

The Bank also obtained licenses from Securities and Exchange Regulator of Cambodia (SERC) and Trust Regulator (TR) such as Custody Services in the Securities Sector, RTP Operation Services, Government Bond Service, and as a Trustee Operator to provide the services in the Trust Sector as Commercial Trust, Social Trust, Public Trust, Individual Trust, and Financial Trust.

For more information, please visit the official website of ACLEDA Bank Plc.: www.acledabank.com.kh

ACLEDA Institute of Business Co., Ltd.

ACLEDA INSTITUTE OF BUSINESS Co., Ltd. (AIB) obtained license from the Royal Government of Cambodia by sub-decree no. 13 ORNKr. BK, dated January 25th, 2016. AIB is a private limited company under the Cambodia law with 76.6090% holding by ACLEDA Bank Plc. as the parent company.

ACLEDA Bank Plc. established AIB as its subsidiary to provide learners with the superior quality of higher education services, professional training in business education to build their Knowledge, Professional Skills, Creative and Innovative Potential, Experience, Ethics, Network in order to enhance their professional future careers. AIB aims to be the leading business school with the highest quality standards for future generations to support the socio-economic development in Cambodia and the Region.

ACLEDA FINANCIAL TRUST, established and registered in the Kingdom of Cambodia located at Building N° 61, Preah Monivong Blvd., Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia, which obtained a certificate commercial trust and registered No.007 Nor. Bor.Thor/Vor.Chor/Bor.Hor, dated 18th August 2023 issued by the Trust Regulator with 23.3910% holding at AIB.

ACLEDA Institute of Business Co., Ltd. provides academic and training program as the following:

- Academic Programs:
 - Master's Degree of Business Administration in Finance and Banking, Finance, and Management;
 - Bachelor's Degree of Business Administration in Finance and Banking, Accounting, International Business, Risk Management and Insurance, and Supply Chain Management and Logistics, Business and Enterprise Management, Marketing, Business Economics, and Law;
 - Bachelor's Degree of Science in Fintech, Business IT, and Computer Science and Engineering;
 - Bachelor's Degree of Arts in English for Translation and Interpreting, English for Business Communication, and Teaching English as a Foreign Language (TEFL);
 - Associate's Degree in Finance and Banking, Accounting, Export-Import Management, Insurance, Logistics, Marketing, and English.

- Training Programs for Local and International Participants from External Organizations and the Public: Yearly Training Calendar, Tailor-Made Training, Exposure Visit/Study Tour, Building Inclusive Financial Sector, Skill Development Training Courses, On-the-Job Training, General English Program (GEP), English for Specific Purposes (ESP), Special English Skills (SES), and General Chinese Program etc.;

- Training Programs for ACLEDA Staff: New Recruit Training, Skill Development Training, Introductory Training, and Training of Trainer etc. From its inception up to December 31st, 2023, AIB employed 163 staff members and now has total assets of USD 31,729,711. AIB had provided Internal Training for ACLEDA Bank Plc.'s staff a total of 64,073 courses with 717,654 participants. AIB also organized External Training for other organizations and public, 732 courses for 23,483 Cambodian participants from 501 local organizations and 166 courses for 1,939 foreign participants from 142 international organizations.

AIB has got Associate Degree 9 classes with 361 students, Bachelor Degree 80 classes with 3,092 students and Master Degree 02 class with 87 students, totally 91 classes with 3,540 students.

ACLEDA Institute of Business Co., Ltd. is a renowned institution in the realm of business education. The planned transformation into a University by the end of 2023 marks a momentous milestone in its evolution. The progression of ACLEDA Institute of Business Co., Ltd. to attain University status necessitates the acquisition of a new Sub-Decree No.27 from the Royal Government of Cambodia, expected to be finalized by late January or early February 2024. For more details information, please visit website: www.acleda-aib.edu.kh

BOARD OF DIRECTORS



The Board of Directors of ACLEDA Bank Lao Ltd.

The Board met 04 times in March, June, September and December during the course of 2023 and in addition the Board passed 22 resolutions by E-mail.

Principal Activities in 2023:

- Reviewed on the Bank's quarterly Financial Reports and received progress reports on all operational aspects of the bank's operations including services and products;
- Review, approved and recommended to the Shareholders for final approval on the Audited Financial Statements and Annual Report for the year 2023.
- Review, approved and recommended to the Shareholders for final approval on the Business Plan, Budget and Capital Expenditure Plan, and Funding Strategy 2023;
- Reviewed and approved on the Amendment of TORs of Board Committees;
- Reviewed Reports of Board Committee Chairmen on their committee activities;
- Reviewed and approved on the Amendment of Policies and Operating Manuals of ACLEDA Bank Lao Ltd;
- Approved and recommended to the Shareholders for final approval on the dividend of profit for year 2022;
- Approved and recommended to the Shareholders for final approval on the registered Capital Injection for 2023;
- Approved and recommended to the Shareholders for final approval on appointment KPMG Lao Co., Ltd as an independent external auditor for the year 2023;

- Approved and recommended to the Shareholders for final approval of re-appointment of Dr. Channy IN as a Chairman of the Board of Directors of ACLEDA Bank Lao Ltd.;
- Approved and recommended to the Shareholders for final approval of re-appointment of Mr. Soeun CHHAY as a member of the Board of Directors of ACLEDA Bank Lao Ltd.;
- Approved and recommended to the Shareholders for final approval of re-appointment of Mr. Raksmei NGUON as a Managing Director & CEO of ACLEDA Bank Lao Ltd.;
- Approved and recommended to the Shareholders for final approval of granting Drs. Pieter Kooi to end of the mandate of all his duties and liabilities in respect of the position of Vice-Chairman of the Board of Directors and to appoint Mr. Soeun Chhay as a new Vice-Chairman of the Board of Directors of ACLEDA Bank Lao Ltd.;
- Considered and approved to revise the composition of the Board Committees of ACLEDA Bank Lao Ltd;
- Approved on set inflation rate for ACLEDA Bank Lao Ltd.'s employees for 2023;
- Approved to the schedule of meeting for the year 2024.

Report of the Board Committees:

- The Board Audit Committee (BACO),
- The Board Governance Committee (BGC),
- The Board Risk Management and IT Committee (BRIC),

BOARD OF DIRECTORS



Dr. Channy IN

Chairman

Board Committees: Governance (Chair)

Born in June 1960. Dr. Channy IN joined the Board of ACLEDA Bank Lao Ltd., in December 2014. He is the Chairman of the Board of Directors and Board Governance Committee (BGC) and a Member of the Board Audit Committee (ACO). He is also the Shareholder Representative of ACLEDA Bank Lao Ltd. Outside ACLEDA Bank Lao Ltd., he was one of founders of the Association of Cambodian Local Economic Development Agencies (ACLEDA) in January 1993. He became a member of the Board of Directors of ACLEDA Bank Plc. in August 2014. He is the President & Group Managing Director of ACLEDA Bank Plc. As President of the Executive Committee he leads the Executive Management Team which is responsible for overall strategic planning and running the day-to-day business of the ACLEDA Bank Plc. and its group as well as implementation of its business plan. He is directly accountable to the Board of Directors of ACLEDA Bank Plc.

His other responsibilities within the group include Shareholder Representative for ACLEDA Securities Plc., ACLEDA Institute of Business Co., Ltd., ACLEDA MFI Myanmar Co., Ltd. and ACLEDA Properties Ltd., and Chairman of the Board of Directors and a member of all Board Committees of ACLEDA MFI Myanmar Co., Ltd. He is also the Chairman of ACLEDA Financial Trust.

He is one of the Board members of Entrepreneur Development Fund (EDF), the Royal Government of Cambodia established Trust. He is also represents ACLEDA Bank Plc. as one of the members of the World Economic Forum.

He completed Executive Course on Financial Institutions for Private Enterprise Development (FIPED) at Harvard University, USA in 1998. He holds a Doctorate of Business Administration and is also a Graduate of the Australian Institute of Company Directors (GAICD).

Drs. Pieter KOOL

Vice Chairman

Board Committees: Risk Management and IT (Chair), Governance (Member).

Born in 1958. Drs. Pieter Kooi joined the Board of ACLEDA Bank Lao Ltd., in July 2008. He obtained his Master's Degree with distinction in Corporate Finance and Sociology from Erasmus University in Rotterdam, the Netherlands. From 1993, he advised ACLEDA as a microfinance consultant over a period of seven years in its course from a development program into a commercial bank. From 1999, Drs. Kooi worked as a short-term microfinance consultant on projects in 15 countries located mainly in Africa and Asia. From September 2002 until December 2005, Drs. Kooi was Director of the Microfinance Unit of UNCDF in New York. From March 2006 till May 2011 Drs. Kooi supported ACLEDA Bank Plc. as a part-time consultant in the establishment of ACLEDA Bank Lao Ltd., ACLEDA Institute of Business Co., Ltd., and ACLEDA Securities. At present Drs. Kooi continues to serves on several Boards. He is a Graduate of the Australian Institute of Company Directors.



Mr. Soeun CHHAY

Director

Board Committees: Audit (Chair), Risk Management and IT (member),

Born April 10, 1954. Mr. Soeun Chhay joined ACLEDA Bank Plc. Board in September, 2014. He obtained his Executive Master's of Business Administration in Finance and Accounting from Preston University, California, USA. He is a graduate of the Australian Institute of Company Directors (GAICD). He joined ACLEDA in January, 1993 until his retirement on April 10, 2014. His last position in ACLEDA Bank Plc. was as Executive Vice President & Group Chief Financial Officer. From 1980 to 1992, he was an accountant and deputy chief accountant of the Kampot Provincial Department of Commerce. At present, he is Chairman of Board of Directors of ACLEDA Bank Plc., Cambodia, a Board member of ACLEDA Bank Lao Ltd., and a Board member of ACLEDA MFI Myanmar Co., Ltd.

BOARD OF DIRECTORS



Mr. Phorn SOENG

Director

Board Committees: Risk Management and IT (member), Audit (member).

Born February 3, 1977. Mr. Phorn Soeng joined Board of ACLEDA Bank Lao Ltd. in June, 2020. He obtained Master of Business Administration in Business Management and received Bachelor of Business Administration in Accounting. He is the Senior Vice President and Head of Credit Division as well as the Chairman of the Management Credit Committee of ACLEDA Bank Plc. In Credit Bureau Cambodia (or the “CBC”), he is a Member of Board Product Committee and Board Audit Committee.

Mr. Soeng Phorn has joined ACLEDA Bank Plc for more than 22 years since 1998, with the various roles in leadership, audit, credit, and trade finance such as, Assistant Vice President and Manager of Internal Auditor, Assistant Vice President and Manager of District Office, Credit Department Manager, Deputy Head of Credit and Trade Finance Services Division, Deputy Head of Credit Division and Credit Consultant in Cambodia, Myanmar and Lao PDR.

Mrs. Sotheavy KIM

Director

Board Committees: Audit (member).



Cambodian. Born October 1965. Mrs. Sotheavy joined ACLEDA in September 1994. As Senior Group Chief Internal Audit Officer, she is responsible for overall strategic planning and running the day-to-day internal audit activities of the Bank as well as implementation of the Group internal audit plan. To guarantee the independence of the internal audit function, she is required to report directly to the Board Audit Committee to provide information and explanation on various matters pertaining to the scope and purpose of the committee.

She is responsible for leading the Internal Audit Loop, which consist of two divisions and four departments including:

- Internal Audit Development Division
- Information Security Audit Division
- Audit Reporting Department
- Credit Audit Department
- Financial Audit Department
- AML & CFT Audit Department

She holds a Master’s degree in Finance and Banking and is also a Graduate of the Australian Institute of Company Directors (GAICD).



Mr. Raksmei NGUON

Director

Managing Director & CEO

Board Committees: Governance (Member).

Born December 18, 1982. Mr. Raksmei NGUON joined Board of ACLEDA Bank Lao Ltd. in April 2021. He obtained Master of Business Administration in National University of Management and received Bachelor of Hotel and Tourism in National Institute of Management. He is a Managing Director & CEO, the Chairman of Executive Committee and the member of Board Governance Committee of ACLEDA Bank Lao Ltd.

Mr. Raksmei NGUON has started with ACLEDA Bank Plc for 20 years since 2003, with the various position such as: Credit Officer, Customer Service officer, Marketing Officer, AVP & Manager of Marketing Officer, Vice President & Branch Manager in Mondulkiri and Pursenchey Branch (PPSEZ) in Phnom Penh, Cambodia.

From June 2015 to December 2020 he was a Branch Consultant in ACLEDA Bank Lao Ltd. He leads and oversees Human Resource Department, Administration Department, Marketing Department, Credit Department, Operate Department, Credit Sale Management Department, Branches and Service Units. He is an advisor of the Bank Executive Committee, which is responsible for the overall strategic planning and running the day-to-day business of the Bank as well as the implementation of the business plan in Lao PDR.

MANAGEMENT AT OUR HEADQUARTERS

The Managing Director & CEO is appointed by the Board of Directors with full responsibility and authority to manage the day-to-day affairs of the Bank within the framework of the policies and strategic guidelines approved by the Board. However, certain powers may be retained by the Board and shall be formally recorded in a 'Letter of Reserved Matters'.

The Managing Director & CEO appoints and chairs an Executive Committee. He reports directly to the Board subject to any changes being notified in a timely manner. The Terms of Reference and proceedings of the Executive Committee are determined by the Managing Director & CEO at his discretion under the general headings of:

- Strategic direction: develop policies, goals, strategies and targets for Board approval.
- Performance: assemble and mobilize resources to implement agreed strategies and performance targets.
- Risk: identify and evaluate risk in the Bank's strategies and manage exposures.
- Compliance: ensure that the Bank conforms to all corporate, legal and regulatory requirements.

1. Mr. Raksmei NGUON
Managing Director & Chief Executive Officer.
2. Mr. Rathmony LEAH
Finance Consultant & Chief Finance Officer.
3. Mr. Chamroeun NHEM
Credit Consultant.
4. Mr. Chanvathana LEE
Marketing Consultant.
5. Mr. Nanhthasone MANOSING
Head of Information Technology Department.
6. Mrs. Kaysone LINTHONG
Head of Marketing Department.
7. Mr. Outo SAECHOW
Head of Treasury Department.
8. Mr. Chaliya VILASOUK
Head of Finance Department.
9. Mrs. Nittaya THIRASACK
Head of Operations Department.
10. Mr. Thanomchith WARINTHRASAK
Head of Credit Department.
11. Mr. Lamphan INSOLIVONG
Head of Administration Department.
12. Mr. Phonethavy KHOMMALY
Head of Internal Audit Department.
13. Mr. Salongxay PHONPASERTH
Head of Human Resources Department.
14. Mr. Dalamoungkhoun CHOMMANIVONGKHAO
Head of Legal Department and Company Secretary.
15. Mr. Soundala LATHIPANYA
Head of Credit Sales Management Department.
16. Mrs. Onta DOUANGCHALEUN
Compliance Office Manager.
17. Mrs. Niddavanh VATTHANATHAM
Risk Management Office Manager.



MANAGEMENT AT OUR HEADQUARTERS



Mr. Rathmony LEAH

Finance Consultant & Chief Finance Officer

Cambodian. Born February 1, 1982. Mr. Leah Rathmony joined ACLEDA Bank Plc. in July 2004. As Finance Consultant & Chief Financial Officer, he leads the Head of Finance Department, which oversees the Management Accounting Unit, Budgeting and Control Unit, Financial Accounting Unit, Taxation and Payment & Settlement Accounting Unit, Accounting System Unit, and Operation Support Financial Accounting Unit. He also shares responsibility for the overall strategic planning and running the day-to-day business of the Bank as well as the implementation of the business plan. He is a member of the Bank's Executive Committee. He also attends the Board Audit Committee (BACO), Board Risk Management and IT Committee (BRIC), Board Governance Committee (BGC) and Board of Directors meetings. He is Chairman of the IT Management Committee (ITMC), User Acceptance Test (UAT), Basel Committee and a member of the Bank's

Management of Credit Committee (MCC), and Assets and Liabilities Committee (ALCO). He is also responsible the works of Information Technology Department and Treasury Department. He is directly accountable to the Bank's Managing Director and CEO. He holds a Master's Degree in Finance and Banking from Build Bright University, Cambodia.

MANAGEMENT AT OUR HEADQUARTERS



Mr. Chamroeun NHEM

Credit Consultant

Born in December 1980, Mr. NHEM Chamroeun obtained Master's Degree of Business Administration at Norton University and Bachelor's Degree in Marketing at National Institute of Management in Phnom Penh, Cambodia. He has joined with ACLEDA Bank Plc. since February 2003 with the numerous positions and experiences in banking sector relevant to credit tasks, products development, marketing, managements, and Government Scheme in Cambodia including SME Co-Financing Scheme, Credit Guarantee Corporation of Cambodia (CGCC), Co-Financing Scheme

with Agriculture and Rural Development Bank (ARDB), and he was a Credit Consultant at ACLEDA MFI Myanmar Co., Ltd for three years in during 2017 to 2019 responsible for Marketing and Credit Department in Myanmar Country. In November 17, 2022, he is appointed as Credit Consultant at ACLEDA Bank Lao Ltd. responsible for overall strategic planning and running day to day operations, directly supporting and consulting in Credit Department and Credit Sale Management Department to ensure effective performance and compliance.



Mr. Chanvathana LEE

Marketing Consultant

Born February 12, 1982. Mr. Chanvathana LEE joined ACLEDA Bank Plc. in October 2004. As Marketing Officer from 2004 to 2007. From April 2007 to March 2021, he was the Assistant Vice President & Manager of Branch Marketing Officer, overseeing the operation of the Marketing team. Currently he is a Marketing Consultant, responsible for consulting, direct support to the Head of the Marketing Department, strategic planning for the Bank, including development and research for new Bank products/services, and products/services sales growth planning and implementation. He also responsible for

supporting in monitoring, leading and controlling for ensuring that the operating manuals, procedures, and guidelines related to Marketing operation for ACLEDA Bank Lao Ltd. He is a member of the Bank's Executive Committee (EXCO). He also attends the Board Risk Management and IT Committee (BRIC), Bank's Management of Credit Committee (MCC), and Assets and Liabilities Committee (ALCO). He obtained the Master's Degree in Business Administration, from the Royal University of Law and Economics, Cambodia in 2010.

MANAGEMENT AT OUR HEADQUARTERS



Mr. Nanhthasone MANOSING

Head of Information Technology Department

Laotian. Born December 18, 1982. Mr. Nanhthasone MANOSING joined ACLEDA Bank Lao Ltd. in October 2008. As Head of the Information Technology Department, he leads the Information Technologies team, which is responsible for direct control of the Digital Banking Office, IT Application Office, Electronic Banking System Office and IT Infrastructure Office. He oversees the development and updating of the operating manuals, procedures and guidelines related to Information Technologies and Information Security to ensure effective performance.

He is co-chairman of the Digital Banking Committee, member of the Executive Committee (EXCO) and member of the Board Risk Management and IT Committee (BRIC). He holds a Bachelor's Degree in Information Technology from Hue University of Sciences - Vietnam.



Mrs. Kaysone LINTHONG

Head of Marketing Department

Laotian. Born November 5, 1984. Mrs. Kaysone LINTHONG joined ACLEDA Bank Lao Ltd. in May 2008. As Head of the Marketing Department, she leads the Marketing Team, which is responsible for the Marketing Unit, the EBS Management Unit, the Report and planning unit, the Call Center Unit and the Sales Unit. She oversees new product development and marketing strategy and is also a member of the Bank's Executive Committee. She is the Chairwoman of the Electronic Banking

System Committee (EBS), Co-chair of the Digital Banking Committee and a member of the Bank's Management Credit Committee, and the Assets and Liabilities Committee. She is directly accountable to the Bank's Managing Director and CEO. She holds a Master's Degree in Business Administration, majoring in Business Management from the Rattana Business Administration College (Laos).

MANAGEMENT AT OUR HEADQUARTERS



Mr. Chaliya VILASOUK

Head of Finance Department

Born November 22, 1986, he holds a Bachelor of Education, Majority in English at the National University of Laos in 2009. He got High Diploma of Finance - Banking at Settha Business Administration College in 2008. He finished high school from Done Noun High School 2004.

Mr Chaliya VILASOUK has worked for ACLEDA Bank Lao Ltd., since 2009 in various positions. He was promoted to Assistant of Finance Consultant in 2013, Assistant Head of Operation Department in 2014 and became

the Head of Finance Department of ACLEDA Bank Lao Ltd., since December 1st, 2021.



Mr. Outo SAECHOW

Head of Treasury Department

Born October 29, 1984. Mr. Outo SAECHOW joined ACLEDA Bank Lao Ltd. in May 2008. As Head of the Treasury Department, he leads the treasury team, which is responsible for the Physical Cash Management Unit, which ensures sufficient cash for operations. He also oversees the Control Assets & Liabilities Unit, the Financial Institution Unit, the Treasury Dealing and Foreign Exchange Control Unit, and the SWIFT Unit. He leads efforts to

develop and update procedures, operating manuals and guidelines related to Treasury work to ensure effective performance. He is a member of Bank's Executive Committee, Chairman of Assets and Liabilities Committee, and a member of the Bank's Management Credit Committee. He holds a Bachelor's Degree in Accounting from Vietnam.

MANAGEMENT AT OUR HEADQUARTERS



Mrs. Nittaya THIRASACK

Head of Operations Department

Laotian. Born September 27, 1986. Mrs. Nittaya THIRASACK has worked for ACLEDA Bank Lao Ltd. since 2009 in various positions. She was promoted to be Assistant Head of the Credit Department in 2012 and then to Deputy Head of the Credit Department in 2013. She became the Head of the Operations Department of ACLEDA Bank Lao Ltd., on February 1, 2014.

She holds a Master's Degree in Business Administration, specializing in Financial

Management from the Academic Service Cooperation Project between Rattana Business Administration College (Lao PDR) and Santapol Collage (Thailand) in 2012. She received a Bachelor's Degree in 2007, majoring in Mathematics and Computer Science from the University of Laos.



Mr. Salongxay PHONPASERTH

Head of Human Resources Department

Laotian. Born October 20, 1983. Mr. Salongxay PHONPASERTH joined ACLEDA Bank Lao Ltd. in December 2009 as a Credit Officer. He was promoted to be Manager of Branch Internal Auditors at the Vientiane Branch in 2011 and then he became Branch Manager at Vientiane Branch in 2012. He was named Assistant Head of Human Resources Department in 2014. In 2019 he became the Risk Management Office Manager where he led and managed the work in the Operational, Market & Treasury Risk Management Unit and was also the Secretary of the Board Risk Management Committee of

ACLEDA Bank Lao Ltd. Currently, he is the Head of Human Resources Department of ACLEDA Bank Lao Ltd. He graduated with a Bachelor's Degree in English and Business Administration from the Comcenter College.

MANAGEMENT AT OUR HEADQUARTERS



Mr. Thanomchith WARINTHRASAK

Head of Credit Department

Born April 21, 1987. He holds a Master's Degree in Business Administration (MBA), from the Laos-Japan Human Resource Development Institute, National University of Laos. He also holds a Bachelor's Degree in Law from the Faculty of Law and Political Science, National University of Laos.

Thanomchith WARINTHRASAK joined ACLEDA Bank Lao Ltd. in 2009 in various positions. He was promoted to the Assistant Head of Credit Department in 2014 and Deputy Head of Credit Department in 2015 and to Head of Human Resource Department

from June 2016 to 2019 and became to the Head of Credit Department since May 1st, 2019. Currently Head of Credit Department he is responsible for direct control Credit Data Support and Model Impairment Office, Policy Development and Research Unit, the Credit Control Unit, the Loan Recovery Unit, the Credit Analysis Unit, and the Credit Data Support Unit. He is a member of the Bank's Executive Committee (EXCO), Asset and Liability Committee (ALCO). He is Chairman of the Management Credit Committee (MCC) of ACLEDA Bank Lao Ltd.



Mr. Lamphan INSOULIVONG

Head of Administration Department

Born May 8, 1985, He graduated a Bachelor's Degree in General Management from Rattana Business Administration College and obtained a Higher Diploma in General English from Khamsavath Business Administration College in 2010, Vientiane Capital.

Mr. Lamphan INSOULIVONG joined ACLEDA Bank Lao Ltd. in September, 2010. In previous positions, he was promoted as Chief of Branch Administrator in 2012 and changed to Head of Administration Unit in 2013 and promoted as Head of the Administration Department in 2014. He leads and oversees the administrative

team which is responsible for Assistant Heads of Administration Department, the Manager of Equipment Management Unit, the Manager of Office Administration Unit and the Manager of Affair Administration Unit. He is a number of Bank's Executive Committee, a member of the Information Technology Management Committee (ITMC), the Electronic Banking System Committee (EBS), the Implementation & Conversion of IFRS Committee and the Chairman of Procurement Committee. He is directly accountable to the Bank's Managing Director and CEO.

MANAGEMENT AT OUR HEADQUARTERS



Mr. Phonethavy KHOMMALY

Head of Internal Audit Department

Laotian. Born June 10, 1986. Mr. Phonethavy KHOMMALY joined ACLEDA Bank in July 2013. He is currently Head of the Internal Audit Department and Secretary of Board Audit Committee (BACO). He leads and manages all units in the Internal Audit Department including Internal Audit Development Unit, Audit Reporting Unit, Information System Audit Unit, Credit Audit Unit, Financial Audit Unit, and Deposit and Transfer Audit Unit. He leads efforts to develop the audit

operating manuals, audit guidelines and audit procedures. In the event that the internal audit detects any fraud, illegal activity or other serious incident, he is required to report the matter directly to the Chairman of BACO first with a copy to the Managing Director & CEO. He holds a Bachelor's Degree in English from Souksavath College.



Mr. Dalamoungkhoun CHOMMANIVONGKHAO

Head of Legal Department and Company Secretary

Laotian. Born September 26, 1988, Mr. Dalamoungkhoun Chommanivongkhao joined ACLEDA Bank Lao Ltd., in November 2011. As a Head of Legal Department and Company Secretary, he is responsible for direct leads and controls the Legal team which includes Legal Unit, Litigation Unit, Company Secretary Unit, and Contract Unit. He is Secretary of the Board of Directors and also Member and Secretary of the Bank's Executive Committee, which is responsible for the overall strategic planning and running the day-to-day business of the Bank. In the management level, he is Chairman of the

Loan Solving Problem in Court Committee. He is directly accountable to the Bank's Managing Director & Chief Executive Officer. He holds a Bachelor's Degree of Law from the National University of Laos and Bachelor's Degree in English from Thipvaly College.

MANAGEMENT AT OUR HEADQUARTERS



Mr. Soundala LATHIPANYA

Head of Credit Sale Management Department

Laotian. Born in March 1985. Mr. Soundala LATHIPANYA joined ACLEDA Bank Lao Ltd. He holds a Bachelor's Degree in International Commerce from the University of Commerce in Vietnam. In October 2009. He started as a Credit Officer and was promoted to Manager of Credit and Policy Development Unit in the Credit Department. Subsequently, he became the Branch Manager of the SVK Branch. In 2013 he became the Assistant Head of Marketing in the Marketing Department, after which he was

appointed to be Corporate Office Manager. In 2020 he was promoted to be Head of Credit Sale Management Department, He is the member of the Bank's Executive Committee (EXCO), which oversees the Credit Service Office and the Credit Management and Planning Unit. He is response all credit works with credit quantity and credit quality of the Bank.



Mrs. Onta DOUANGCHALEUN

Compliance Office Manager

Born October 05, 1984 Mrs. Onta DOUANGCHALEUN joined ACLEDA Bank Lao Ltd. in April 2009. As Compliance Office Manager, She directs the Compliance Specialist and Staff of Compliance (include: AML & CFT Compliance task, Compliance report task, Transaction Analysis task and Regulatory Compliance task), she is a invitee of the Board Risk Management and IT Committee, Bank's Executive Committee, a member of committee Upgrade and Establish new Office and Creating and appointment Composition User Acceptance Test (UAT) of ACLEDA Bank Lao Ltd, And oversees the compliance officer of the Bank. Which is responsible for implementing the Bank's Anti-Money Laundering and Combating the

Financing of Terrorism Policies that comply with appropriate state and international regulations. She is also responsible for monitoring conflicts of interest, investigations of alleged corruption and fraudulent behavior, and the Whistleblower's Protection Policy. These efforts are all designed to ensure the Bank maintains the highest ethical standards, while adhering to transparency and accountability at all levels of operations, such that the Bank's Directors and employees are accountable to the interests of shareholders, customers, staff and the general public. She holds a Bachelor's Degree in Special English from the University of Laos.

MANAGEMENT AT OUR HEADQUARTERS



Mrs. Niddavanh VATTHANATHAM

Risk Management Office Manager

Laotian. Born December 29, 1984. Mrs. Niddavanh Vatthanatham joined ACLEDA Bank Lao Ltd. In May 2008. She was the Chief of Branch Administrator at Vientiane Branch in 2009, then moved to work at Headquarters as Head of the Personnel Management Unit in the Human Resources Department. Subsequently, she was promoted to Assistant Head of the Human Resources Department where she was responsible for the Payroll Unit, Compensation Unit, and Performance Appraisal Unit. Currently she is the Risk Management Office Manager where she oversees the work in the Operational, Market & Treasury Risk Management Unit. She is also Secretary of the Board Risk Management and IT Committee. She holds a Bachelor's Degree in Business Administration from the Lao American College and a Master's Degree in Business Administration specializing in Finance under the Academic

Service Cooperation Project between Rattana Business Administration College (Lao PDR) and Santapol College (Thailand).

REPORT OF THE BOARD OF DIRECTORS

The Board met 04 times in March, June, September and December during the course of 2023 and in addition the Board passed 22 resolutions by E-mail.

Principal Activities in 2023:

- Reviewed on the Bank's quarterly Financial Reports and received progress reports on all operational aspects of the bank's operations including services and products;
- Review, approved and recommended to the Shareholders for final approval on the Audited Financial Statements and Annual Report for the year 2023.
- Review, approved and recommended to the Shareholders for final approval on the Business Plan, Budget and Capital Expenditure Plan, and Funding Strategy 2023;
- Reviewed and approved on the Amendment of TORs of Board Committees;
- Reviewed Reports of Board Committee Chairmen on their committee activities;
- Reviewed and approved on the Amendment of Policies and Operating Manuals of ACLEDA Bank Lao Ltd;
- Approved and recommended to the Shareholders for final approval on the dividend of profit for year 2022;
- Approved and recommended to the Shareholders for final approval on the registered Capital Injection for 2023;
- Approved and recommended to the Shareholders for final approval on appointment KPMG Lao Co., Ltd as an independent external auditor for the year 2023;
- Approved and recommended to the Shareholders for final approval of re-appointment of Dr. Channy IN as a Chairman of the Board of Directors of ACLEDA Bank Lao Ltd.;
- Approved and recommended to the Shareholders for final approval of re-appointment of Mr. Soeun CHHAY as a member of the Board of Directors of ACLEDA Bank Lao Ltd.;
- Approved and recommended to the Shareholders for final approval of re-appointment of Mr. Raksmei NGUON as a Managing Director & CEO of ACLEDA Bank Lao Ltd.;
- Approved and recommended to the Shareholders for final approval of granting Drs. Pieter Kooi to end of the mandate of all his duties and liabilities in respect of the position of Vice-Chairman of the Board of Directors and to appoint Mr. Soeun Chhay as a new Vice-Chairman of the Board of Directors of ACLEDA Bank Lao Ltd.;
- Considered and approved to revise the composition of the Board Committees of ACLEDA Bank Lao Ltd;
- Approved on set inflation rate for ACLEDA Bank Lao Ltd.'s employees for 2023;
- Approved to the schedule of meeting for the year 2024.

Report of the Board Committees:

- The Board Audit Committee (BACO),
- The Board Governance Committee (BGC),
- The Board Risk Management and IT Committee (BRIC),

Board Audit Committee (BACO)

Scope and purpose:

The Board Audit Committee ("BACO" or the "Committee") is established by the Board of Directors of ACLEDA Bank Lao Ltd. for the following purposes:

- i. To study creating and amendment policies relating to financial reports and audit internal control systems, account booking, and information systems to propose to the board of directors for approval;
- ii. To monitor, and inspect the implementation of the commercial bank including implementing business operation plan, resolutions of the board of directors' meeting for compliance with the bank's operating manuals and laws;
- iii. To call annual financial report and quarterly report which gain audited, report of the internal and external audit with the relating management, internal audit, and audit company, check and discuss with these issues;
- iv. To lead on creating and amendment operating manuals then propose to the board of directors for approval including monitor, inspection, and reporting to the board of directors regarding implementation of these operating manuals;
- v. To review and endorsing the internal control policy to the board for approval.
- vi. To develop a plan and budget for the bank's internal auditing and endorse it to the Board of directors for approval;
- vii. To set standard criteria for staff who perform internal audit tasks;
- viii. To make recommendations in the legal field regarding audit tasks;
- ix. Monitor, and inspect the progress of resolving pending issues as stipulated in the audit report;
- x. To make recommendations on issues raised by the board of directors or management;
- xi. To summarize, evaluate the implementation of its annual performance;
- xii. To report the implementation of its duties to the board of directors periodically;
- xiii. Set the annual incentive criteria of the Head of the Internal Audit Department and recommend it to BACO. Then BACO endorses it to the Board for final approval.
- xiv. Propose the annual incentive of the Head of the Internal Audit Department and recommend it to Board for approval.
- xv. Agreement on engaging or cancelling the contract with Audit Company including the set scope of

REPORT OF THE BOARD OF DIRECTORS

auditing according to the approval of the board of directors; each auditor must ensure that it is independent of the part audits by BACO also sign acknowledgment for certify with attaching each result audit report via the website of The Commercial Bank Supervision Department.

- xvi. To monitor, and evaluate the quality of Audit Company, independence, and relationship of the audit company by watching on overall relationships between the audit company and the commercial bank;
- xvii. To make recommendations to the board about the appointment and remuneration of the external auditor and to approve the term of engagement of the external auditor following appointment by the shareholder in the general meeting;
- xviii. To develop and implement policy on the engagement of the external auditor to supply non-auditor service;
- xix. To discuss with a legal consultant, accounting consultant and other fields as consent by the board of directors;
- xx. To use rights and implement other duties according to related laws and regulations.

Members:

- 1. Mr. Soeun CHHAY
(Board Member) Chairman of BACO;
- 2. Mr. Phorn SOENG
(Board Chairman) Member;
- 3. Ms. Sotheavy KIM
(Board Member) Member.

Meetings in 2023:

The Committee met sixth times ordinary meeting during the fiscal year 2023, either physically or by conference call in February, April, June, August, October and December. The external auditors, KPMG participated in the February BACO meeting to present the 2023 audit report as well as Progress IFRS9

Principal Activities in 2023:

During 2023 the Committee played an important role in structuring the Bank's accounting and control procedures as follows:

- The BACO reviewed and approved the Financial Report of 2023 for endorsement to the Board of Director for final approval;
- The Committee reviewed the Management Letter for 2023 and management's response to endorse to the Board of Director for final approval;
- The Committee reviewed and monitored work of the Internal Audit Department and appraised and incentive the Head of the Internal Audit Department;
- The Committee reviewed the reports of the Internal Audit Department and addressed both the frequency and severity of risk events with management;

- The Committee reviewed the management accounts of the Bank to ensure that they are prepared properly, in accordance to Lao PDR and international standards.
- The Committee noted the operational and financial achievements of the Bank on a monthly, quarterly and yearly basis in comparison to the Business Plan;
- The Committee reviewed and approved the internal audit work plan for fiscal year 2023, and recommended the Internal Audit Department's 2023 budget plan to the Board of Directors for approval;

Board Governance Committee

Scope and purpose

The Governance Committee is established by the Board of Directors of ACLEDA Bank Lao Ltd., for the purpose to assist the board in governance related issues as specify in its rights and duties.

Members

- 1. Dr. Channy In
(Chairman of Board)-Chairman;
01st January to 31st December 2023
- 2. Drs. Pieter Kooi
(Vice-Chairman of Board)-Member;
01st January to 12th December 2023
- 3. Mr. Raksmei Nguon
(Board Member & Managing Director)-Member;
01st January to 31st December 2023

Meetings in 2023

The Governance Committee met six times during the 2023 fiscal year in February, April, June, August, October, and December.

Significant Activities in 2023

- Reviewed and evaluated the bank annual performance;
- Studied the annual action plan of the Board of Directors;
- Reviewed and advised on all aspects of public affairs of ACLEDA Bank Lao Ltd. (reputation issues; advertising and promotional programs and relationship with regulators, etc.);
- Reviewed, approved and recommended to the Board of Directors on approval of the Policy & Operating Manual of ACLEDA Bank Lao Ltd.;
- Reviewed, approved and recommended to the Board of Directors on approval of the Terms of Reference (TOR) of Governance Committee;
- Discussed, approved and recommended to the Board of Directors on approval of setting the inflation rate of ACLEDA Bank Lao Ltd., for 2023;
- Considered, approved and recommended to the Board of Directors on approval of re-appointment of Dr. Channy IN as a Chairman of the Board of Directors of ACLEDA Bank Lao Ltd.;
- Considered, approved and recommended to the

REPORT OF THE BOARD OF DIRECTORS

Board of Directors on approval of re-appointment of Mr. Soeun CHHAY as a member of the Board of Directors of ACLEDA Bank Lao Ltd.;

- Considered, approved and recommended to the Board of Directors on approval of re-appointment of Mr. Raksmei NGUON as a Managing Director & CEO of ACLEDA Bank Lao Ltd.;
- Considered, approved and recommended to the Board of Directors on approval of granting Drs. Pieter Kooi to end of the mandate of all his duties and liabilities in respect of the position of Vice-Chairman of the Board of Directors and to appoint Mr. Soeun Chhay as a new Vice-Chairman of the Board of Directors of ACLEDA Bank Lao Ltd.;
- Considered, approved and recommended to the Board of Directors on approval of revising the composition of the Board Committees of ACLEDA Bank Lao Ltd.

Board Risk Management and IT Committee (BRIC)

Scope and purpose

The Committee is established by the Board of Directors of ACLEDA Bank Lao Ltd. ("the Bank") to assist the Board of Directors in the effective discharge of its responsibilities for risk management, compliance, and information technology and to regularly review management's ability to assess and manage the Bank's risks.

Members

The members of the Board Risk Management and IT Committee (BRIC) during the year and at the date of this report are as follows:

1. Drs. Pieter KOOL,
(Board Vice Chairman) Chairman, 1st January to 12th December 2023.
2. Mr. Soeun CHHAY,
(Board Member) Member, 1st January to 31st December 2023.
3. Mr. Phorn SOENG,
(Board Member) Member, 1st January to 31st December 2023.

Changes of Committee Member:

The Board of Directors unanimously approved to revise the composition of the Board Risk Management and IT Committee of ACLEDA Bank Lao Ltd., on December 11th, 2023 and BOL recognized on January 26th, 2024. onwards, as follows:

- Mrs. Sotheavy Kim,
(Board Member) Chairwoman;
- Mr. Soeun Chhay,
(Vice-Chairman of Board) Member;
- Mr. Phorn Soeng,
(Board Member) Member;

Significant issues and Activities in 2023

The Board Risk Management and IT Committee had 6 times regular meetings in 2023, in February, April, June, August, September, and December. The main proceedings were:

- At each meeting the committee reviewed and discussed the Bank's key risk indicators and reviewed internal and external developments and adopted a systemic and coordinated approach to reasonably predict and cover any risk which the Bank might encounter.
- Assessed the scope and effectiveness of the risk management systems.
- Monitored the effectiveness of the internal financial controls and adherence to position limits set by the Board.
- A comprehensive risk management framework was used to ensure adequate identification, measurement, control, monitoring and reporting of risk. Stress tests were developed to ensure that the balance sheet of the Bank remains strong in times of the economics crisis.
- Assessed the developed credit portfolio by various criteria particularly, the credit quality. The Committee ensured that the provisioning was in line with BOL rules.
- Oversight of the risk management implementation and maturity assessment of ACLEDA's risk culture.
- Reviewed and Discussed on: Market penetration of ACLEDA Mobile app and use thereof; update of deposit mobilization strategy; Progress and update of deposit mobilization strategy and Medium Enterprises portfolio growth strategy including targets setting; Develop strategies for increasing partners using our OD services and include performance in progress report on Mobile app; and Monitoring use of QR code between Cambodia and Laos and assess potential market of migrant workers in Laos and Cambodia.
- Review and discussed on: In-depth reason of high PAR for car loans and make comparative study of the quality of car loans with competition; Medium Enterprises portfolio growth strategy including targets setting; The Survey branches on potential demand for Small 3 and medium size loans; Issues relevant Credit Management; and Government Scheme to Boost MSMEs in Lao PDR and SWOT Analysis About Credit Guarantee Scheme With DFC.
- Reviewed and discussed on: The internal capital adequacy assessment process (ICAAP) report which was aimed for assessing its overall capital adequacy in relation to the risk profile and determining a strategy for maintaining appropriate capital levels; Acknowledge on the result of Material Risk Assessment; and Market Risk Assessment in Risk Management Report.
- Reviewed and Endorsed on Risk Appetite Statement Key (RAS KRIs); Funding strategy 2023; BP2024-2028; Opening nostro accounts; Compliance office's Annual Budget Plan of the fiscal year 2024; Incentive Criteria for CPO 2023; and Performance appraisal of 2022 of Compliance Office Manager to the Board for approval.
- Reviewed and discussed the Compliance report and assessed all issues related to actual or potential non-compliance to laws, regulations, policies and procedures.
- Reviewed the terms of reference (TOR) of the Board Risk Management and IT Committee (BRIC) endorse to the Board for approval.
- Conducted an annual review of the Board level policies and operating manuals, after discussion and final changes endorsed to the Board for approval the following policies and Operating manuals:
 1. Risk Management Policy;
 2. Risk Management Operating Manual;
 3. Operational Risk Management Policy;
 4. Liquidity Risk Management Policy;
 5. Market Risk Management Policy;
 6. Credit Policy;
 7. Environmental, Social and Governance Policy;
 8. IFRS9 Impairment Policy;
 9. Credit Scoring Policy;
 10. Credit Risk Management Policy;
 11. Anti-Money Laundering and Counter Financing Terrorist Policy;
 12. KYC-CDD Policy;
 13. Whistle Blower's Protection Policy;
 14. Compliance Policy;
 15. IT Operating Manual;
 16. Information Security Incident Management Policy;
 17. Related Party Transactions Policy;
 18. Conflict of Interest Policy.

ENVIRONMENTAL AND SOCIAL SUSTAINABILITY REPORT

'PEOPLE, PLANET, PROFIT'

Environmental and Social Sustainability mission statement

ACLEDA Bank is committed to achieving strong, sustainable financial returns while respecting the environment and community within which we live. We subscribe to the concept of triple bottom line ('people, planet, profit') reporting and are constantly developing indicators for measuring and reporting on our performance and impacts on the society and the environment and to implement a reporting structure based on the guidelines of the Global Reporting Initiative.

The key elements of ACLEDA Bank's ESS mission are:

1. To provide a framework of guidelines within which ACLEDA Bank can operate in a sustainable manner so that our impact on the environment, society and the community in which we operate is managed in a responsible way.
2. To continue to introduce energy efficient systems into our buildings and to manage sensibly our energy usage wherever we operate.
3. To honor the society in which we live and actively work to promote an inclusive culture, embracing not just shareholders and staff, customers, and business partners but respect for the individual within our community.
4. To recognize that supporting the community is not just morally sound but good business as well - our 'good health' and prosperity are naturally interdependent.

Environment

ACLEDA Bank fully subscribes to international conventions which prohibit the provision of credit to, or otherwise support any activities which might harm the environment, be morally repugnant or jeopardize human rights. In particular the bank has in place policies which forbid involvement with exploitative forms of forced or child labor, trade in weapons and munitions, gambling, casinos, brothels, regulated wildlife or wildlife products and production or trade in radioactive materials or significant volumes of hazardous chemicals.

Environmental Performance Indicators

In order to establish baselines for the measurement of our efforts to reduce our environmental impact, we have introduced a tracking system for resource usage. The results are given under their respective headings below and will be used to benchmark our future performance.

Paper usage

In 2023, paper usage decreased by 2,06% if compared to 2022 because ACLEDA Bank campaigns for employees to use paper sparingly to support saving natural resources and recommends that employees use only necessary paper for important documents. In addition to encourage employees to use electronic devices, E-mail, and document management systems to reduce paper use. Paper waste increased by 43,46% in 2023 due to strengthen the development and improvement knowledge and skill for personnel frequently as the bank organized face-to-face meetings, and conducted training for existed and new teams at headquarters, branches, and service units.

	2023	2022	2021	2020	2019
Materials					
Paper in kg/Full Time Equivalent (FTE)	7,16	7,37	6,76	7,37	10,30
Waste					
Waste paper kg/FTE	5,26	3,70	3,04	3,82	4,21

ENVIRONMENTAL AND SOCIAL SUSTAINABILITY REPORT

Energy consumption

Per employee, usage increased by 5,29% in 2023 if compare to 2022 because bank modernized electronic equipment to support employees are able to work more efficient and effective. Gasoline use increased by 11.93% due to bank still keep importantly visiting both small and medium enterprise with expanding service market continuously. Therefore, responsible team sale using vehicles to visit, promote and sell in local place, factory, school, market and other place. Diesel also increased by 8,55% as branches and service units offered using cars to support work crossed in long distances of districts and provinces to home-visit and evaluate loan client. Moreover, conducted training, meeting and supporting technical work onsite. Lubricant consumption increased by 9,61% compared to 2022 because branches and service units used vehicle frequently then caused to burn much lubricants and bank also encouraged to maintain vehicle and generator by changed lubricant on time to ensure they are working well and longer use.

	2023	2022	2021	2020	2019
Energy					
Electricity in kWh/FTE	1.651,05	1.580,93	1.751,60	1.707,59	1.890,19
Gasoline in l/FTE	60,96	54,91	53,82	52,80	52,20
Diesel in l/FTE	43,63	40,53	38,44	40,64	42,32
Lubricant in l/FTE	1,05	0,97	0,75	0,84	0,85

Water

Water use will be increased by 33.40% in 2023 if compared to 2022, the bank had purchased new water tanks to reserve for daily employees and customers needs and use in urgent situations. In addition, the bank normally keeps washing and cleaning vehicles in office as well to make sure they are working effectively and lengthily.

	2023	2022	2021	2020	2019
Water					
Water in m ³ /FTE	20,46	15,47	15,96	17,29	18,47

Business travel

In 2023, the total distance traveled by car increased by 5.52% if compared to 2022, as there was a lots of proposals to use cars to support the work of banks crossed cities and provinces such as conducted meetings, training, technical work and dissemination bank's products to customers. While motorcycle travel increased by 0.45%, if compared to 2022, and because the bank encourages employees to travel by motorcycle in order to facilitate visiting existed and new customers. Moreover, to promote, sell products and expand market share in the local region timely and easily.

	2023	2022	2021	2020	2019
Business travel					
By vehicle in km/FTE	563,52	529,50	498,74	525,88	546,77
By motorcycle in km/FTE	3.177,48	2.724,70	2.695,93	2.656,78	2.639,70

ENVIRONMENTAL AND SOCIAL SUSTAINABILITY REPORT

Staff

- ACLEDA is an 'equal opportunity' employer. Apart from those jobs which involve a higher physical risk (e.g. guards and messengers) appointment to all positions at every level is based entirely on merit regardless of gender or physical disability.
- ACLEDA Bank aims to be the most progressive employer in Laos providing medical, pension and other benefits. It provides comprehensive training both for new recruits as well as experienced staff.
- A high-level committee under the chairmanship of the Chairman of the Board has been specifically tasked with the responsibility of setting and monitoring the Bank's moral and ethical standards and respect for human rights.
- In consultation with its staff the Bank has drawn up social policies covering i) Code of Conduct, ii) Human Resources Management, iii) Health & Safety, iv) External Relations, v) Freedom of Association and the Right to Collective Bargaining. These are now published on Lotus Notes so that every member of the staff has free (and paperless) access to the most up-to-date versions.

	2023	2022	2021	2020	2019
Employment					
Number of staff	988	980	986	998	1.009
Male	642	646	655	666	673
Female	346	334	331	332	336
Number of staff (FTE)	990	991	988	1.005	1.011
Training and Education					
Training – career development and refresher programs	1.456	1.393	1.582	1.486	1.469
Training of new recruits- induction programs	6	7	5	7	7
Open internship opportunity for both local and international students to complete their research papers as well as theses	14	6	2	0	0

Note: FTE: Equivalent to annual usage

FINANCIAL STATEMENTS

(In accordance with the accounting policies of the Bank and accounting principles generally accepted in the Lao PDR (“Lao GAAP”) and relevant Bank of the Lao PDR (“BOL”) accounting regulations and notifications)

for the year ended 31 December 2023

and

Independent Auditors’ Report

Contents

Page

37	Corporate information
38	Management's Responsibilities in Respect to the Financial Statements
39	Independent Auditors' Report
41	Statement of Financial Position
42	Statement of Income
43	Statement of Changes in Capital and Other Reserves
44	Statement of Cash Flows
45	Notes to the Financial Statements



One of ACLEDA Bank Lao Ltd. 37 offices nationwide.

Corporate Information

Bank	ACLEDA Bank Lao Ltd.
Foreign Investment	No. 187-10/PT4 granted by the Foreign Investment Management Committee on 22 December 2010
License No.	No. 31/BOL granted by Bank of the Lao People's Democratic Republic (BOL) on 16 October 2014.

Board of Directors

Dr. In Channy	Chairman
Mr. Chhay Soeun	Vice Chairman
Mr. Soeng Phorn	Director
Mr. Raksmei Nguon	Director
Mrs. Kim Sotheavy	Director

Management

Mr. Raksmei NGUON	Managing Director & Chief Executive Officer
Mr. Rathmony LEAH	Finance Consultant & Chief Finance Officer
Mr. Chamroeun NHEM	Credit Consultant
Mr. Chanvathana LEE	Marketing Consultant
Mr. Nanthasone MANOSING	Head of Information Technology Department
Mrs. Kaysone LINTHONG	Head of Marketing Department
Mr. Outo SAECHOW	Head of Treasury Department
Mr. Chaliya VILASOUK	Head of Finance Department
Mrs. Nittaya THIRASACK	Head of Operations Department
Mr. Thanomchith WARINTHRASAK	Head of Credit Department
Mr. Lamphan INSOULIVONG	Head of Administration Department
Mr. Phonethavy KHOMMALY	Head of Internal Audit Department
Mr. Salongxay PHONPASERTH	Head of Human Resource Department.
Mr. Dalamoungkhoun CHOMMANIVONGKHAO	Head of Legal Department and Company Secretary
Mr. Soundala LATTHIPHANYA	Head of Credit Sale Management Department
Mrs. Onta DOUANGCHALEUN	Compliance Office Manager
Mrs. Niddavanh VATTHANATHAM	Risk Management Office Manager

Registered office	ACLEDA Bank Lao Ltd. 398, Corner of Dongpalane and Dongpaina Road, Unit 20, Phonesavanh Neua Village, Sisattanak District, Lao PDR, P.O. Box: 1555 Vientiane capital, Lao PDR	Auditors	KPMG Lao Co., Ltd 10th Floor, Royal Square Office Building, Samsenthai Road, Nongduong Nua Village, Sikhotabong District P.O. Box 6978 Vientiane Capital, Lao PDR
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MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Management of ACLEDA Bank Lao Ltd. ("the Bank") is responsible for the preparation of the financial statements and for ensuring that the financial statements present fairly in all material respects, the financial position of the Bank as at 31 December 2023, and the statement of comprehensive income, statement of changes in capital and other reserves and statement of cash flows for the year then ended that are in accordance with the accounting regulations of the Bank of Lao P.D.R and accounting rules in the Lao PDR. In preparing the financial statements, Management is required to:

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

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

APPROVAL OF THE FINANCIAL STATEMENTS

I, Dr. Channy In, on behalf of the Board of Director, do hereby state that the financial statements set out on pages 6 to 34 present fairly, in all material respects, the financial position of the Bank as at 31 December 2023, and its financial performance and cash flows for the year then ended and have been properly drawn up in accordance with the accounting regulations of the Bank of Lao P.D.R and accounting rules in the Lao P.D.R.

Signed on behalf of the Board of Director,



Dr. In Channy
Chairman, Board of Directors.
15 March 2024



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Vientiane, Lao PDR
Tel: +856 (21) 454240-7
Website: kpmg.com/la

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ຖະໜົນ ສາມແສນໄທ, ບ້ານ ໜອງດ້ວງເໜືອ,
ເມືອງ ສີໂຄດຕະບອງ, ຕູ້ ປ.ນ. 6978,
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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors ACLEDA Bank Lao Ltd.

Opinion

We have audited the financial statements of ACLEDA Bank Lao Ltd. (the “Bank”), which comprise the statement of financial position as at 31 December 2023, the statements of comprehensive income, changes in capital and other reserves and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with the accounting regulations of the Bank of Lao PDR and accounting rules in the Lao PDR.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an



auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Jedsada Leelawatanasuk
Statutory Auditor
ID No. 0061/2024

Vientiane Capital, Lao P.D.R

Date: 15 March 2024

ACLEDA Bank Lao Ltd.
Statement of financial position
For the year ended 31 December 2023

		31 December	
	Note	2023	2022
		LAK (In millions)	
Assets			
Cash and amounts due from other banks	4	846.794	553.758
Statutory deposits with Central Bank	5	98.938	43.541
Loans and advances to customers, net of specific provision	6	2.560.155	2.093.152
Intangible assets	7	18.280	9.612
Property and equipment	8	52.704	32.121
Right of use assets	9	28.714	26.123
Other assets	10	61.061	36.592
Total assets		3.666.646	2.794.899
Liabilities and equity			
Liabilities			
Amounts due to other banks	11	749.843	562.243
Deposits from customers	12	1.741.877	1.368.536
Borrowings	13	211.560	113.109
Other liabilities	14	176.373	117.586
Total liabilities		2.879.653	2.161.474
Equity			
Paid up share capital	21	460.000	420.000
Retained earnings		257.414	164.711
Legal reserves		49.361	33.827
Business expansion fund		7.661	4.554
General provision for credit activities	6	12.557	10.333
Total equity		786.993	633.425
Total liabilities, capital and other reserves		3.666.646	2.794.899

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

ACLEDA Bank Lao Ltd.
Statement of comprehensive income
As at 31 December 2023

		31 December	
	Note	2023	2022
		LAK (In millions)	
Interest income		359.398	274.694
Interest expense		(123.449)	(85.332)
Net interest income	15	235.949	189.362
Fees and commission income		110.144	90.152
Fees and commission expenses		(3.142)	(2.792)
Net Fees and commission income	16	107.002	87.360
Net (loss)/gain from foreign exchange transactions		(7.903)	(10.134)
Other income	17	41.723	45.511
Other operating income		1.293	891
Other income		35.113	36.268
Payroll and other staff costs	18	(89.669)	(84.072)
General and administrative expenses	19	(54.081)	(44.479)
Depreciation and amortisation charges	7,8	(14.642)	(13.123)
Other operating expense		(3.517)	(3.188)
Total expenses		(161.909)	(144.862)
Net operating profit		216.155	168.128
Provision for loan losses	6e(i)	(49.159)	(51.854)
Reversal of provision for loan losses	6e(i)	29.174	32.509
Net specific provision charges		(19.985)	(19.345)
Profit before income tax expense		196.170	148.783
Income tax expense	20	(40.826)	(32.737)
Profit for the year		155.344	116.046

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

ANZ Bank (Lao) Limited
(formerly known as ANZ Vientiane Commercial Bank Limited)
Statement of cash flows
for the year ended 31 December 2023

	Paid-up capital LAK (In millions)	Retained Earnings LAK (In millions)	General Provision for credit activities LAK (In millions)	Legal Reserve LAK (In millions)	Business Expansion Fund LAK (In millions)	Total LAK (In millions)
As at 1 January 2022	380,000	108,785	8,035	21,904	357	519,081
Increase in paid up capital through retained earnings	40,000	(40,000)	-	-	-	-
Other adjustment	-	(318)	-	318	-	-
Transfer to legal reserve	-	(11,605)	-	11,605	-	-
Transfer to Business Expansion Fund	-	(4,197)	-	-	4,197	-
General Provision charge during the year	-	-	3,189	-	-	3,189
Reversal of General provision during the year	-	-	(891)	-	-	(891)
Tax on increase in paid up capital	-	(4,000)	-	-	-	(4,000)
Profit for the year	-	116,046	-	-	-	116,046
As at 31 December 2022	420,000	164,711	10,333	33,827	4,554	633,425
Increase in paid up capital through retained earnings	40,000	(40,000)	-	-	-	-
Other adjustment	-	-	-	-	-	-
Transfer to legal reserve	-	(15,534)	-	15,534	-	-
Transfer to Business Expansion Fund	-	(3,107)	-	-	3,107	-
General Provision charge during the year	-	-	3,517	-	-	3,517
Reversal of General provision during the year	-	-	(1,293)	-	-	(1,293)
Tax on increase in paid up capital	-	(4,000)	-	-	-	(4,000)
Profit for the year	-	155,344	-	-	-	155,344
As at 31 December 2023	460,000	257,414	12,557	49,361	7,661	786,993

ACLEDA Bank Lao Ltd.
Statement of cash flows
For the year ended 31 December 2023

		Year end 31 December	
		2023	2022
	Notes	LAK (In millions)	
Cash flow from operating activities			
Profit before income tax expense		196.170	148.783
Adjustments for			
Net provision for non -performing loan	6	22.209	21.642
Interest and similar income	15	(359.398)	(274.694)
Interest and similar expense	15	123.449	85.332
Depreciation and amortization charges	7,8	14.642	13.123
Loss on disposal of tangible fixed assets		53	96
Depreciation Expense – Right of use assets	19	5.781	5.617
Net loss/(gain) from dealing in foreign currencies		7.903	10.134
Interest received	10	350.133	271.301
Interest paid	14	(107.521)	(75.232)
Income tax paid	20	25.384	38.368
Profit from operations before change in operating assets and liabilities		278.805	244.470
Change in operating assets / liabilities			
Statutory deposits with BOL	5	(55.397)	(18.963)
Loans and advances to customers	6	(471.496)	(438.013)
Other assets	10	(15.204)	(4.742)
Amounts due to other banks	11	187.600	184.438
Amounts due to customers	12	373.341	231.172
Other liabilities	14	21.951	7.900
Net cash generated from operating activities		319.600	212.262
Cash flow from investing activities			
Acquisition of property and equipment	8	(38.216)	(34.427)
Acquisition of intangible assets	7	(12.155)	(20)
Proceeds from disposals of property and equipment	8	6.425	14.574
Acquisition of Right of use asset		(8.320)	(5.697)
Net cash used in investing activities		(52.266)	(25.570)
Cash flow from financing activities			
Proceeds from borrowings		171.726	65.000
Repayments against borrowings		(73.275)	(15.047)
Net cash Generated/in financing activities		98.451	49.953
Net change in cash and cash equivalents		365.785	236.645
Cash and cash equivalents at 1 January		553.758	503.407
Effect of foreign exchange difference		(72.749)	(186.294)
Cash and cash equivalents at 31 December	4	846.794	553.758

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

ACLEDA Bank Lao Ltd.
Notes to the financial statements
For the year ended 31 December 2023

Note	Contents
1	Organization and principal activities
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Cash and amounts due from other banks
5	Statutory deposits with Central Bank
6	Loans and advances, net of specific provision
7	Intangible assets
8	Property and equipment
9	Right of use assets
10	Other assets
11	Amounts due to Other Banks
12	Deposits from customers
13	Borrowings from financial institutions
14	Other liabilities
15	Net Interest Income
16	Net Fee and Commission Income
17	Other Income
18	Payroll and other staff cost
19	General and Administrative Expenses
20	Income tax expense
21	Paid-Up Share Capital
22	Related party transactions
23	Commitments and Contingencies

ACLEDA Bank Lao Ltd.
Notes to the financial statements
For the year ended 31 December 2023

1 Organization and principal activities

ACLEDA Bank Lao Ltd. is a commercial bank that operates in the Lao P.D.R. under the Investment License No.187-10/PT4 granted by the Foreign Investment Management Committee on 22 December 2010 and the Banking Business License No 31/BOL granted by Bank of the Lao People's Democratic Republic (BOL) on 16 October 2014.

The Bank's shareholders are ACLEDA Bank Plc. and ACLEDA Institute of Business Co. Ltd. which own 99.90% and 0.10%, respectively, as stated in the Memorandum and Articles of Association, dated 04 May 2023.

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

The Board of Directors

The members of the Board of Directors (the BoD) during the year and at the date of this report are as follows:

Name	Title	Date of Appointment
Dr. Channy In	Chairman	12 December 2023
Mr. Soeun Chhay	Vice Chairman	12 December 2023
Mr. Phorn Soeng	Member	05 June 2023
Mr. Raksmey Nguon	Member	01 April 2021
Mrs. Sotheavy Kim	Member	25 October 2021

Name	Title	Date of Resignation
Drs. Pieter Kooi	Vice Chairman	12 December 2023

The Bank is located at No. 398. Dongpalane and Dongpaina Road. Unit 20. Phonesavanh Neua Village. Sisattanak District. Vientiane Capital. Lao P.D.R.

As at 31 December 2023, the Bank had 988 employees (2022: 980 employees).

2 Basis of preparation of the financial statements

(a) General basis of accounting

(i) Basis of preparation

The accompanying financial statements are expressed in Lao Kip (“LAK”), in accordance with Decree No. 47/NA by the president of the national assembly of Lao P.D.R dated 26 December 2013, the law on Accounting of Lao P.D.R and accounting regulations of the Bank of Lao P.D.R and accounting rules in the Lao P.D.R. This is also the functional currency of the Bank.

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

The Bank maintains its records and prepares its financial statements in LAK.

The financial statements were authorized for issue on behalf of the Board of Directors on 15 March 2024.

(ii) Basis of measurement

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

(iii) Use of judgements and estimates

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

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

(b) Foreign currency transactions

(i) Presentation currency

The Bank maintains its accounting system and records all transactions in LAK. Items included in the financial statements are measured and presented using LAK in million.

ACLEDA Bank Lao Ltd.
Notes to the financial statements
For the year ended 31 December 2023

(ii) Transactions and balances

Transactions in currencies other than LAK are translated into LAK at the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates from monetary assets and liabilities denominated in currencies other than LAK, are recognised in the statement of comprehensive income.

The applicable exchange rates for the LAK against currencies were:

	31 December 2023	31 December 2022
United State Dollar (“USD”)	19.617	17.196
Thai Baht (“THB”)	634,27	500,61
Euro (“EUR”)	22.329	18.301

(c) Fiscal Year

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

3 Significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments

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

(b) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise highly liquid short-term investments with maturity of 30 days or less from acquisition date that are readily convertible to a known amount of cash, non-restricted balances with the BOL, cash on hand and balances with other banks.

(c) Interbank and money market items

Interbank and money market items are carried at cost.

(d) Legal reserves

Under the requirement in Article 67 of the Law on commercial Banks No.39/NA 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 in Article 154 of the Law on Enterprise (Revision) No.33/NA dated 29 December 2022, the Bank is required to provide legal reserve at a rate of 10% on profit after deducting retained loss. The Bank can stop reserving when the statutory reserve has reached up to 50 percentage of Registered Capital.

(e) Loans and advances

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

(f) Provision for bad debts and doubtful loans and advances

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

According to BOL 512, general provision is created at the rate of 0.5% of the total balance of Normal or Pass loans as at the reporting date. Concurrently, specific provision for Watch or Special Mention, Substandard, Doubtful and Loss loans is established by multiplying the outstanding balance of each loan item less the value of collaterals (if any) in accordance with the regulation of BOL with the provision rates applicable to that loan classification as follows:

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

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

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

ACLEDA Bank Lao Ltd.
Notes to the financial statements
For the year ended 31 December 2023

Type of collaterals	Maximum allowed ratio
▪ With a remaining term of between 1 year to 5 years	75%
▪ With a remaining term of over 5 years	70%
(e) Letter of Credit or Standby Letter of Credit	95%
(f) Letter of Guarantee or Bank Guarantee	90%
(g) Real estates	40%

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

In accordance with the relevant accounting regulations as stipulated by the Bank of Lao P.D.R. any changes in general provision for credit activities are recorded to the statement of comprehensive income as “Other operating expenses” for general provision expense and “Other operating income” for reversal of general provision expense and the balance of general provision reserve is recorded in the statement of financial position in “General provision for credit activities” under capital and reserves of the Bank.

(g) Write-off

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

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

(h) Provision for off-balance sheet commitments

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

(i) Intangibles

Intangible assets consist of computer software. The cost of an asset comprises its purchase price plus any directly attributable costs of bringing the asset into working condition for its intended use. The software is amortised over 5 years using straight line method.

(j) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, if any.

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

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and

maintenance are charged to statement of comprehensive income during the reporting period in which they are incurred.

Gains or losses arising from the disposal of property and equipment are recognised in the statement of comprehensive income.

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

The carrying amounts of property and equipment are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. An impairment loss is charged to the income statement immediately.

Depreciation of property and equipment

Depreciation is provided on the straight-line basis using below depreciation rates:

Category	Depreciation Rate
Buildings	5%
Improvements	20%
Semi-permanent structures	10%
Office equipment	20%
Computer equipment	20%
Furniture and fixtures	20%
Motor vehicles	20%

(k) Deposits from customers and other banks

Deposits from customers and by other banks are stated at placement value.

(l) Income recognition

(i) Interest income

Interest income is recognized on a daily accrual basis using the straight-line method and the interest rates stipulated in the loan/deposit contracts with clients. Where an account becomes non-performing, the recording of interest as income is suspended until it is realized on a cash basis. Customers' accounts are deemed to be non-performing when management believes that the borrower has no ability to repay the interest and principal.

Fees and commissions consist of fees received from fund transfer transactions, trade settlement, foreign currency exchange transactions, ATM transactions and financial guarantees. Fee and commission income are recognized into the statement of comprehensive income on cash basis.

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

1. Loan arrangement fees and commissions on services and facilities extended to customers are recognized on the occurrence of such transactions;
2. Commitment fees and guarantee fees on services and facilities extended to customers are recognized as income over the period in which the services and facilities are extended; and
3. Service charges and processing fees are recognized when the service is provided.

ACLEDA Bank Lao Ltd.
Notes to the financial statements
For the year ended 31 December 2023

(ii) Interest expense

Interest expense on deposits and borrowings are recognised in the statement of comprehensive income on an accrual basis.

(m) Income tax

The taxation system in the Lao PDR is relatively new and is characterised by numerous taxes and frequently changing legislation and can be subject to interpretations. Taxes are subject to review and investigation by a number of authorities. These facts may create tax risks in Lao PDR substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will have an impact on the income tax and deferred tax provisions in the period in which such determination is made.

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

Provision is made for taxation based on the current year's total revenue as per the laws governing taxation within the Lao P.D.R. For each profitable year, the Bank is subject to the current tax rate of 20% on total taxable income.

(n) Provision

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

(o) Related Parties

Enterprises or individuals that, directly or indirectly through one or more intermediaries' control or are under controlled by or are under common control with, the Bank including holding companies, subsidiaries and fellow subsidiaries are related parties of the Bank. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Bank that gives them significant influence over the Bank, key management personnel, including directors and officers of the Bank and close members of the family of these individuals and companies associated with these individuals also considered related parties.

(p) Employee Benefits

Post-employment benefits

Post-employment benefits are paid to retired employees of the Bank by the Lao Social Security Organization (LSSO) which belongs to the Ministry of Labour and Social Welfare. The Bank is required to contribute to these post-employment benefits by paying to the Security Welfare at the rate of 6% of NSSF threshold on a monthly (maximum LSSO threshold is LAK 4.500.000. new max threshold effective from 1 Jan 2017). 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 Labor Law issued by the President of Lao People's Democratic Republic on 24 December 2013, the Bank has the obligation to pay compensation for employees who are terminated in the following cases:

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

For the termination of an employment contract on any of the above-mentioned grounds, the employer must pay compensation allowance which is calculated on the basis of 10% of the last salary or wage multiplied by the total number of months worked.

Retirement benefits

In addition to the above social security benefits, the bank still has benefits after retirement that will receive 02 parts: the first part according to the internal regulations of ACLEDA Bank Lao Ltd., and the second part according to the Labor law which is the benefit from the Lao Social Security Organization (according to letter No. HQ 441/23 dated April 21, 2023).

The accrual of retirement benefit entitlement shall be in line with the following:

- The first part according to the internal regulations of ACLEDA Bank Lao Ltd., who are retired will receive the benefits defined in the policy of providing retirement allowances
- The second part of the employees will receive additional allowances from the Lao Social Security Organization according to the retirement age and the right to receive pension as below:
 - When employees retire with the age of at least 60 years for women and men, both must have at least 15 years of work experience;
 - Have paid full contributions to the social security fund for 15 years or more, are in poor health and still have 3 more years of actual retirement age,
 - Receiving a one-time subsidy Employees who do not meet the requirements will be able to receive a one-time subsidy which is equal to 1.5 (one and a half months) of salary or wages by calculating the average salary of 60 months (sixty months) and finally multiplying the number of years of work.

ACLEDA Bank Lao Ltd.
Notes to the financial statements
For the year ended 31 December 2023

There is no separate fund maintained for the retirement obligation. Any payment obligation required to be settled shall be paid out from the available cash on hand at the date of payment.

Liability is being recognised at the present value of the defined obligation at the end of reporting period using the projected unit credit method to estimate the cost to the Bank of the benefit that employees have earned in return for their service in the current and prior periods. The Bank attributes benefit to periods in which the obligation to provide retirement benefit arises. That obligation arises as employees render services in return for retirement benefits that the Bank expects to pay in future reporting periods.

The present value of the retirement benefit obligations is determined by discounting the estimated future payments by reference to the average, the Bank has update discount rate by using the interest rate of longest term of ACLEDA Bank Lao Ltd.

The present value of the retirement benefit obligation depends on a number of factors that are determined by management using a number of assumptions such as salary growth rates, turnover rates and mortality rates. The assumptions used in determining the net cost for retirement benefits include discount rate. The management has selected commercial banks in Lao PDR to obtain the average, the Bank has update discount rate by using the interest rate of longest term of ACLEDA Bank Lao Ltd., as a discount rate to determine the present value of the estimated future cash outflows expected to be required to settle the retirement benefit obligation. Any changes in these assumptions will impact the value of retirement benefit obligation.

The bank has issued letter HQ 266 dated March 02nd, 2023, to provide the balance accrued of retirement till December 2022 to all employees but not provide any amount to employee who resigned from the bank starts from January 01st, 2023 to March 02nd, 2023. The bank has no obligation to provide any retirement benefit to employees from 2023 onward.

(q) Leases

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

(i) *Right-of-use assets*

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

(ii) *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 the lease, if the lease term reflects the Bank exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are

incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Bank uses its weighted average deposit rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

4 Cash and amounts due from other banks

	2023 LAK (In millions)	2022 LAK (In millions)
Cash on hand	166.016	166.890
Amounts due from BOL	535.531	258.364
Amounts due from other banks	145.247	128.504
Included in cash and cash equivalents	846.794	553.758
Amounts due from other banks	-	-
	846.794	553.758

(a) Cash on hand

	2023 LAK (In millions)	2022 LAK (In millions)
LAK	106.365	113.379
USD	27.704	23.988
THB	31.796	29.274
EUR	82	100
Other currencies	69	149
	166.016	166.890

ACLEDA Bank Lao Ltd.
Notes to the financial statements
For the year ended 31 December 2023

(b) Amounts due from BOL

	2023 LAK (In millions)	2022 LAK (In millions)
Demand deposit	535.531	258.364
	535.531	258.364

These are deposits made with BOL to cover any settlement and compulsory deposits which bear no interest.

(c) Amounts due from other banks

Amounts due from other banks are analyzed as follows:

	2023 LAK (In millions)	2022 LAK (In millions)
Demand deposits	125.630	123.345
Term deposits	19.617	5.159
	145.247	128.504

(i) By location and institution

	2023 LAK (In millions)	2022 LAK (In millions)
Balances with domestic banks		
Banque Pour le Commerce Extérieur Lao	9.230	15.436
Lao Development Bank	7.252	4.336
Agricultural Promotion Bank	13	5
Joint Development Bank	6	5
Lao China Bank	19.617	5.159
	36.118	24.941

Balances with overseas banks

ACLEDA Bank Plc	77.549	72.497
Krung Thai Bank Public Company Limited	31.580	31.066
	109.129	103.563
	145.247	128.504

(ii) Classified by currencies

	2023 LAK (In millions)	2022 LAK (In millions)
LAK	11.398	17.119
USD	62.271	38.606
THB	71.576	72.779
KHR	2	-
	145.247	128.504

5 Statutory deposits with Central Bank

	2023 LAK (In millions)	2022 LAK (In millions)
Statutory Deposits based on:		
Compulsory reserve	98.933	43.536
Registered Capital reserve	5	5
	98.938	43.541

Statutory deposits with Central Bank include compulsory reserve and registered capital reserve. These balances earn no interest. Under regulations of the BOL, the Bank is required to maintain certain cash reserves with the BOL in the form of compulsory deposits, which are computed at 8% for LAK and 10% for foreign currency (2022: 5% and 5%), on a bi-monthly basis, of customer deposits having original maturities of less than 12 months. During the year the Bank maintained its compulsory deposits in compliance with the requirements by the BOL.

The compulsory deposits percentages were revised by BOL through a letter 2464/BOL dated 25 August 2023.

6 Loans and advances to customers, net of specific provision

	2023 LAK (In millions)	2022 LAK (In millions)
Loans and advances to customers	2.576.255	2.104.759
Less: Specific Provision loans	(16.100)	(11.607)
	2.560.155	2.093.152

(a) Classified by currencies

	2023 LAK (In millions)	2022 LAK (In millions)
LAK	2.575.916	2.104.160
USD	339	599
	2.576.255	2.104.759

(b) Classified by performance

	2023 LAK (In millions)	2022 LAK (In millions)
Pass loans	2.511.443	2.066.602
Watch list loans	23.911	10.372
Non-performing loans	40.901	27.785
	2.576.255	2.104.759

ACLEDA Bank Lao Ltd.
Notes to the financial statements
For the year ended 31 December 2023

(c) Classified by type of business

	2023 LAK (In millions)	2022 LAK (In millions)
Agriculture	523.248	390.634
Manufacturing	78.444	71.737
Trade	1.016.043	869.536
Others	958.520	772.852
	2.576.255	2.104.759

(d) Classified by residual maturity

	2023 LAK (In millions)	2022 LAK (In millions)
Not later than 1 year	764.417	621.957
1 to 3 years	1.078.185	865.888
3 to 5 years	566.569	465.968
More than 5 years	167.084	150.946
	2.576.255	2.104.759

(e) Provision for credit activities

Movement of provision in compliance with the BOL requirement during the year is as follows:

(i) Specific provision for credit activities

	2023 LAK (In millions)	2022 LAK (In millions)
As at 1 January	11.607	15.779
Provision made during the year	49.159	51.854
Reversal of provision during the year	(29.174)	(32.509)
Bad debt written off	(15.533)	(23.544)
Foreign exchange translation	41	27
Balance as at end of the year	16.100	11.607

(ii) General provision for credit activities

	2023 LAK (In millions)	2022 LAK (In millions)
As at 1 January	10.333	8.035
Provision made during the year	3.517	3.189
Reversal of provision during the year	(1.293)	(891)
Balance as at end of the year	12.557	10.333

7 Intangible assets

	2023 LAK (In millions)	2022 LAK (In millions)
Cost		
As at 1 January	37.630	37.610
Additions made during the year	4.556	20
Transfer from work in progress	2.750	-
Disposal	-	-
As at 31 December	44.936	37.630
Amortization for the year		
As at 1 January	31.853	28.459
Amortization charged for the year	3.487	3.394
Disposal	-	-
As at 31 December	35.340	31.853
Work in progress		
As at 1 January	3.835	155
Additions made during the year	7.599	3.680
Transfers	(2.750)	-
As at 31 December	8.684	3.835
Net book value		
As at 1 January	9.612	9.306
As at 31 December	18.280	9.612

ACLEDA Bank Lao Limited
Notes to the financial statements
For the year ended 31 December 2023

8 Property and equipment

	Building & improvements LAK (In millions)	Office equipment LAK (In millions)	Computer equipment LAK (In millions)	Furniture & fixtures LAK (In millions)	Motor vehicles LAK (In millions)	Construction in progress LAK (In millions)	Total LAK (In millions)
Cost							
Balance at 1 January 2022	6.364	6.878	70.854	7.798	10.091	2.447	104.432
Additions	540	1.066	16.122	562	1.373	14.764	34.427
Disposals / write-offs	(254)	(425)	(699)	(339)	(346)	(14.556)	(16.619)
Balance at 31 December 2022 and at 1 January 2023	6.650	7.519	86.277	8.021	11.118	2.655	122.240
Additions	266	203	9.482	2.165	4.641	21.459	38.216
Disposals / write-offs	(306)	(200)	(254)	(262)	(1.563)	(6.393)	(8.978)
Balance at 31 December 2023	6.610	7.522	95.505	9.924	14.196	17.721	151.478
Accumulated depreciation							
Balance at 1 January 2022	5.170	6.395	53.934	6.892	9.948	-	82.339
Depreciation for the year	465	317	8.237	453	257	-	9.729
Disposals / write-offs	(216)	(363)	(695)	(328)	(347)	-	(1.949)
Balance at 31 December 2022 and at 1 January 2023	5.419	6.349	61.476	7.017	9.858	-	90.119
Depreciation for the year	359	342	8.779	643	1.032	-	11.155
Disposals / write-offs	(290)	(136)	(253)	(258)	(1.563)	-	(2.500)
Balance at 31 December 2023	5.488	6.555	70.002	7.402	9.327	-	98.774
Net book value							
At 31 December 2022 and 1 January 2023	1.231	1.170	24.801	1.004	1.260	2.655	32.121
At 31 December 2023	1.122	967	25.503	2.522	4.869	17.721	52.704

9 Right of use Assets

	2023 LAK (In millions)	2022 LAK (In millions)
Right of use Assets		
At 1 January	42.423	41.851
Additions	8.320	5.697
Disposals / write-off	(5.046)	(5.125)
At 31 December	45.697	42.423
Accumulated Depreciation		
At 1 January	16.300	15.373
Depreciation charge for the year	5.781	5.617
Disposals / write-off	(5.035)	(4.690)
Foreign exchange translation	(63)	-
At 31 December	16.983	16.300
Net book value	28.714	26.123

10 Other Assets

	2023 LAK (In millions)	2022 LAK (In millions)
Accrued interest receivable	27.435	18.170
Prepaid expenses	14.614	12.811
Office supplies	2.890	1.924
Others	16.122	3.687
	61.061	36.592

ACLEDA Bank Lao Ltd.
Notes to the financial statements
For the year ended 31 December 2023

11 Amounts due to other banks

The amounts due to other banks are analysed as follows:

(a) Classified by types

	2023 LAK (In millions)	2022 LAK (In millions)
Current deposits	1.081	13.038
Savings deposits	15.248	13.116
Term deposits	733.457	536.034
Trust Saving Account	57	55
	749.843	562.243

(b) Classified by currencies

	2023 LAK (In millions)	2022 LAK (In millions)
LAK	678.924	561.782
USD	70.869	253
THB	50	208
	749.843	562.243

(c) Classified by residual maturity

	2023 LAK (In millions)	2022 LAK (In millions)
1 to 3 months	219.728	107.209
4 to 6 months	168.615	129.034
7 to 12 months	315.000	280.500
Over 12 months	46.500	45.500
	749.843	562.243

(d) Classified by residence

	2023 LAK (In millions)	2022 LAK (In millions)
Domestic	749.520	562.243
Overseas	323	-
	749.843	562.243

12 Deposits from customers

The amounts due to customers are analysed as follows:

(a) Classified by types

	2023 LAK (In millions)	2022 LAK (In millions)
Current deposits	226.655	196.478
Savings deposits	402.726	315.662
Health Saving deposits	912	1.079
Education Saving deposits	5.472	4.149
Retirement deposits	11.060	9.694
Term deposits	1.064.908	804.404
Trust and Dormant accounts	30.144	37.070
	1.741.877	1.368.536

(b) Classified by currencies

	2023 LAK (In millions)	2022 LAK (In millions)
LAK	1.404.833	1.068.856
USD	155.854	132.911
THB	181.190	166.769
	1.741.877	1.368.536

ACLEDA Bank Lao Ltd.
Notes to the financial statements
For the year ended 31 December 2023

(c) Classified by residual maturity

	2023	2022
	LAK	LAK
	(In millions)	(In millions)
Within 3 months	856.425	691.529
Over 3 to 6 months	170.948	113.150
Over 6 to 12 months	307.026	218.840
Over 12 months	407.478	345.017
	1.741.877	1.368.536

(d) Classified by types of customers

	2023	2022
	LAK	LAK
	(In millions)	(In millions)
Corporate deposits	337.857	287.422
Individual deposits	1.404.020	1.081.114
	1.741.877	1.368.536

13 Borrowings from financial institutions

Borrowings are analyzed as follows:

(a) Classified by terms

	2023 LAK (In millions)	2022 LAK (In millions)
Short term borrowing	120.000	50.000
Long term borrowing	91.560	63.109
	211.560	113.109

(b) Classified by residual maturity

	2023 LAK (In millions)	2022 LAK (In millions)
Within 1 year	164.560	63.179
Over 1 year	47.000	49.930
	211.560	113.109

14 Other liabilities

	2023 LAK (In millions)	2022 LAK (In millions)
Accrued interest payable - borrowings	54.152	38.224
Deferred and unearned revenue	25.676	18.016
Income tax payable	22.278	6.836
Lease Liabilities	39.443	33.977
Accruals, provisions and other liabilities	34.824	20.533
	176.373	117.586

ACLEDA Bank Lao Ltd.
Notes to the financial statements
For the year ended 31 December 2023

15 Net interest income

	2023 LAK (In millions)	2022 LAK (In millions)
Interest income from:		
Loans and advances	358.917	274.655
Interbank and money market items	481	39
	359.398	274.694
Interest expense on:		
Deposits	(72.410)	(53.516)
Interbank and borrowings	(51.039)	(31.816)
	(123.449)	(85.332)
	235.949	189.362

16 Net fee and commission income

	2023 LAK (In millions)	2022 LAK (In millions)
Fee and commission income:		
Loan processing and penalty fees	103.350	84.098
Fees from deposits and transfers	4.559	4.158
Other fees	2.235	1.896
	110.144	90.152
Fee and commission expense:		
Fee related to operating with customer	(3.142)	(2.792)
Net fee and commission income	107.002	87.360

17 Other income

	2023 LAK (In millions)	2022 LAK (In millions)
Recovery of bad debts written off	26.295	29.040
Reverse on expense	13.188	14.596
Other non-operating income	2.240	1.875
	41.723	45.511

18 Payroll and other staff costs

	2023 LAK (In millions)	2022 LAK (In millions)
Salaries and wages	58.384	52.419
Bonuses	24.715	24.292
Other benefits	6.570	7.361
	<u>89.669</u>	<u>84.072</u>

19 General and administrative expenses

	2023 LAK (In millions)	2022 LAK (In millions)
Interest expense on lease liabilities	2.605	2.046
Repairs and maintenance	6.193	5.061
Communications	18.379	15.739
Depreciation of Right to use asset	5.781	5.617
Others	21.123	16.016
	<u>54.081</u>	<u>44.479</u>

ACLEDA Bank Lao Ltd.
Notes to the financial statements
For the year ended 31 December 2023

20 Income tax expense

In accordance with the amended Lao Tax Law No. 67/NA dated 18 June 2019 stipulated by the President of the National Assembly income tax that should be applied to both domestic and foreign enterprises that hold legal entities should be 20% (2022: 20%) of total taxable income.

(a) Analysis of income tax expense

	2023	2022
	LAK	LAK
<i>Note</i>	(In millions)	(In millions)
Profit before income tax	196.170	148.783
Non-deductible expenses	12.437	24.776
Non-taxable income	(4.478)	(9.874)
Taxable income	204.129	163.685
Income tax expense	40.826	32.737
Income tax expense	40.826	32.737

(b) Analysis of income tax payable

	2023	2022
	LAK	LAK
	(In millions)	(In millions)
At 1 January	6.836	12.467
Income tax expense	40.826	32.737
Tax paid during the year	(25.384)	(38.368)
At 31 December	22.278	6.836

21 Paid up share capital

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

	2023 LAK (In millions)	2022 LAK (In millions)
At 1 January	420.000	380.000
Increase in paid up capital	40.000	40.000
At 31 December	460.000	420.000

	2023		2022	
Shareholder	Share (%)	LAK	Share (%)	LAK
ACLEDA Bank Plc	99.90%	459.540	99.90%	419.580
ACLEDA Institute of Business Co. Ltd.	0.10%	460	0.10%	420
	100%	460.000	100%	420.000

In accordance with the Bank's Memorandum and Articles of Association with their respective share certificate dated 3 July 2014 the amended shares and registered share capital amounting to LAK 460.000.000.000 (2022: LAK 420.000.000.000) is represented by 46.000.000 ordinary shares (2022: 42.000.000) with a LAK 10.000 issue price (2022: 10.000).

The Bank has increased its capital by 40 billion LAK by transferring the amount from retained earnings to paid up capital (*refer to decision on increasing the registered capital and minimum investment of commercial banks and foreign commercial bank branches No. 752/BOL, dated 27 Aug 2019*), the Bank has paid 10% dividend tax in accordance with tax law article 39.

ACLEDA Bank Lao Ltd.
Notes to the financial statements
For the year ended 31 December 2023

22 Related party transactions

Balances with related parties

	2023 LAK (In millions)	2022 LAK (In millions)
Loans and advances		
Key management	9.022	8.292
Amounts due from related parties		
ACLEDA Bank Plc. (Holding bank)	77.547	72.496
Amounts due to related parties		
Key management	(9.113)	(7.742)
Interest income		
Key management	695	659
Interest expense		
ACLEDA Bank Plc. (Holding bank)	365	72
Key management	406	556
Salary and other benefits		
Key management	7.358	5.893
Fee and commission expense		
Swift Annual Fees	60	53
Expense on ATM Card	137	66
Board of director	1.490	1.268

23 Commitments and Contingencies

(a) Loan commitments

	2023 LAK (In millions)	2022 LAK (In millions)
Bank guarantees	2.611	2.259
Unused portion of overdrafts	8.820	7.149
	<u>11.431</u>	<u>9.408</u>

(b) Capital expenditure

	2023 LAK (In millions)	2022 LAK (In millions)
Within 1 year	81.595	17.241
1 to 5 years	2.271	4.455
	<u>83.866</u>	<u>21.696</u>















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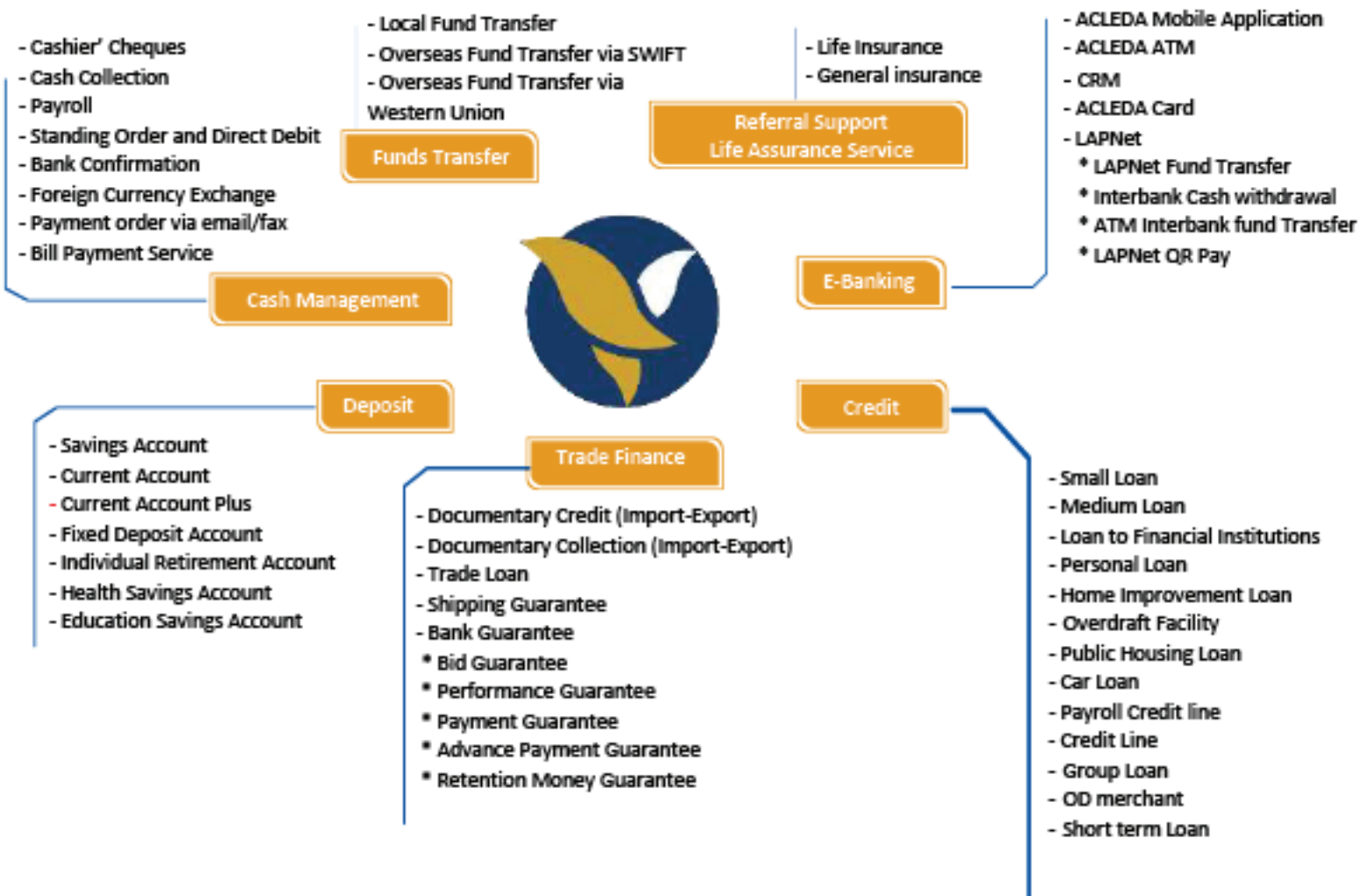
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