

FINANCIAL STATEMENTS

(in accordance with the accounting policies of the Bank
and the relevant accounting regulations and notifications
of Bank of the Lao People's Democratic Republic)

31 December 2025

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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. 36/BOL granted by Bank of the Lao People's Democratic Republic (BOL) on 30 August 2024.

Board of Directors

Dr. Channy IN	Chairman
Drs. Pieter KOOI	Vice Chairman
Mr. Phorn SOENG	Director
Mr. Raksmei NGUON	Director
Mrs. Sotheavy KIM	Director
Mr. Soksamrang NAY	Director

Management

Mr. Raksmei NGUON	Managing Director & Chief Executive Officer Transitioned out of this role on 31 December 2025
Mr. Rathmomy LEAH	Finance Consultant & Chief Finance Officer Was promoted to the new MD & CEO on 1 January 2026
Ms. Sovanny Pech	Finance Consultant & Chief Finance Officer Was promoted as new Finance Consultant and Chief Finance Officer on 1 January 2026
Mr. Rattanak HO	Subsidiary Consultant
Mr. Nanthasone MANOSING	Head of Information Technology Department
Mrs. Kaysone LINTHONG	Head of Marketing Department
Mr. Outo SAECHOW	Head of Treasury Department
Mr. Chalya VILASOUK	Head of Finance Department
Mrs. Saysamone PHIMSIPASOM	Head of Operations Department
Mr. Thanomchith WARINTHRASAK	Head of Credit Department
Mr. Soulikone DOUANGPANYA	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 Sale Management Department
Mrs. Onta DOUANGCHALEUN	Compliance Office Manager
Mrs. Niddavanh VATTHANATHAM	Risk Management Office Manager

Registered office	ACLEDA Bank Lao Ltd.	Auditors	(Lao) Sole Company Limited
	398, Corner of Dongpalane Dongpaina Road, Unit 20, Phonesavanh Neua Village, Sisattanak District, Lao PDR, P.O. Box: 1555 Vientiane capital, Lao PDR		4th Floor, Allianz Building 33 Lane Xang Ave, Hadsadi Village Chanthabouly District P.O. Box 7003 Vientiane Capital, Lao PDR

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Management of ACLEDA Bank Lao Ltd. ("the Bank") is responsible for the preparation and ensuring that the financial statements are prepared in all material respects, the financial position of the Bank as at 31 December 2025, 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 accounting policies of the Bank and the relevant accounting regulations and notifications of Bank of the Lao People's Democratic Republic (BOL) described in Note 2 to the financial statements. 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 in accordance with accounting policies of the Bank and the relevant accounting regulations and notifications of BOL described in Note 2 to the financial statements and 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. Chanmy In, on behalf of the Board of Director, do hereby state that the financial statements set out on pages 6 to 29 are prepared in all material respects, the financial position of the Bank as at 31 December 2025, and its financial performance and cash flows for the year then ended and have been properly drawn up in accordance with accounting policies of the Bank and the relevant accounting regulations and notifications of BOL described in Note 2 to the financial statements.

Signed on behalf of the Board of Director:



Dr. Chanmy In
 Chairman, Board of Directors
 Date: 24 March 2026

Independent auditor's report

To: The Board of Directors ACLEDA Bank Lao Ltd.

Our opinion

In our opinion, the financial statements of ACLEDA Bank Lao Ltd. (the Bank) for the year ended 31 December 2025 are prepared in all material respects, in accordance with the relevant accounting regulations and notifications of Bank of Lao People's Democratic Republic and the accounting policies as described in Note 2 to the financial statements.

What we have audited

The Bank's financial statements comprise:

- the statement of financial position as at 31 December 2025;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audit of financial statements of public interest entities. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of matter - Basis of preparation

We draw attention to Note 2 to the financial statements, which describes the basis of preparation. The financial statements are prepared in accordance with the relevant accounting regulations and notifications of Bank of Lao People's Democratic Republic and the accounting policies described in Note 2 to the financial statements. Our opinion is not modified in respect to this matter.

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of the financial statements in accordance with the relevant accounting regulations and notifications of Bank of Lao People's Democratic Republic and accounting policies described in Note 2 to the financial statements, and for such internal control as the directors determine 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, directors are 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 the management either intend to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 the director.
- Conclude on the appropriateness of the director'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.



We communicate with the directors 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.

For PricewaterhouseCoopers (Lao) Sole Company Limited



By Apisit Thiangtrongpinyo
Partner

Vientiane Capital, Lao P.D.R.
Date: 24 March 2026

PricewaterhouseCoopers (Lao) Sole Company Limited
AGL Building, 4th Floor, 33 Lane Xang Avenue,
PO Box 7003, Vientiane Capital, Lao PDR.
T: +856 21 222718-9

ACLEDA Bank Lao Ltd.
Statement of financial position
As at 31 December 2025

		2025 LAK (In millions)	2024 LAK (In millions)
	Note		
Assets			
Cash and amounts due from other banks	3	1,115,854	775,252
Statutory deposits with Central Bank	4	220,695	150,593
Loans and advances to customers, net of specific provision	5	3,626,006	3,016,687
Intangible assets	6	21,702	29,405
Property and equipment	7	88,085	98,483
Right-of-use assets	8	36,340	39,220
Other assets	9	131,421	88,334
Total assets		5,240,103	4,197,974
Liabilities and equity			
Liabilities			
Amounts due to other banks	10	546,359	584,219
Deposits from customers	11	3,249,296	2,346,721
Borrowings	12	31,250	101,000
Other liabilities	13	344,791	233,978
Total liabilities		4,171,696	3,265,918
Equity			
Paid up share capital	20	500,000	500,000
Retained earnings		459,717	342,352
Legal reserves	21	77,486	64,149
Business expansion fund		13,285	10,618
General provision for credit activities	5e(ii)	17,919	14,937
Total equity		1,068,407	932,056
Total liabilities and equity		5,240,103	4,197,974

Prepared by:



Ms. Sovanny Pech
Finance Consultant & CFO
Date: 24 March 2026

Approved by:



Mr. Rathmony Leah
Managing Director & CEO
Date: 24 March 2026

The accompanying notes on page 59 to 78 from integral part of these financial statements.

ACLEDA Bank Lao Ltd.
Statement of comprehensive income
For the year ended 31 December 2025

		2025 LAK (In millions)	2024 LAK (In millions)
	Note(s)		
Interest income		545,102	440,955
Interest expense		(301,450)	(176,209)
Net interest income	14	243,652	264,746
Fees and commission income		134,170	117,882
Fees and commission expenses		(341)	(2,332)
Net fees and commission income	15	133,829	115,550
Net gain/(loss) from foreign exchange transactions		873	(6,223)
Other income	16	45,346	59,958
Other operating income		1,761	1,584
Other income		47,980	55,319
Payroll and other staff costs	17	(125,814)	(116,053)
General and administrative expenses	18	(62,995)	(61,300)
Depreciation and amortisation charges	6, 7, 8	(42,304)	(31,496)
Other operating expense		(4,743)	(3,964)
Total expenses		(235,856)	(212,813)
Net operating profit		189,605	222,802
Provision for loan losses	5e(i)	(61,755)	(73,092)
Reversal of provision for loan losses	5e(i)	38,880	37,589
Net specific provision charges		(22,875)	(35,503)
Profit before income tax expense		166,730	187,299
Income tax expense	19	(33,361)	(39,416)
Profit for the year		133,369	147,883

Prepared by:



Ms. Sovanny Pech
Finance Consultant & CFO
Date: 24 March 2026

Approved by:



Mr. Rathmony Leah
Managing Director & CEO
Date: 24 March 2026

The accompanying notes on page 59 to 78 from integral part of these financial statements.

ACLEDA Bank Lao Ltd.
Statement of changes in equity
For the year ended 31 December 2025

	Paid-up capital LAK (In millions)	Retained earnings LAK (In millions)	Legal reserve LAK (In millions)	Business expansion fund LAK (In millions)	General provision for credit activities LAK (In millions)	Total LAK (In millions)
As at 1 January 2024	460,000	257,414	49,361	7,661	12,557	786,993
Increase in paid up capital through retained earnings	40,000	(40,000)	-	-	-	-
Payment for additional tax and penalties (Note 19)	-	(1,200)	-	-	-	(1,200)
Transfer to legal reserve	-	(14,788)	14,788	-	-	-
Transfer to business expansion fund	-	(2,957)	-	2,957	-	-
General provision charge during the year	-	-	-	-	3,964	3,964
Reversal of general provision during the year	-	-	-	-	(1,584)	(1,584)
Tax on increase in paid up capital	-	(4,000)	-	-	-	(4,000)
Revenue Awaiting Approval	-	147,883	-	-	-	147,883
As at 31 December 2024	500,000	342,352	64,149	10,618	14,937	932,056
As at 1 January 2025	500,000	342,352	64,149	10,618	14,937	932,056
Transfer to legal reserve	-	(13,337)	13,337	-	-	-
Transfer to business expansion fund	-	(2,667)	-	2,667	-	-
General provision charge during the year	-	-	-	-	4,743	4,743
Reversal of general provision during the year	-	-	-	-	(1,761)	(1,761)
Revenue Awaiting Approval	-	133,369	-	-	-	133,369
As at 31 December 2025	500,000	459,717	77,486	13,285	17,919	1,068,407

Prepared by:



Ms. Sovanny Pech
Finance Consultant & CFO
Date: 24 March 2026

Approved by:



Mr. Rathmorny Leah
Managing Director & CEO
Date: 24 March 2026

The accompanying notes on page 59 to 78 from integral part of these financial statements.

ACLEDA Bank Lao Ltd.
Statement of cash flows
For the year ended 31 December 2025

		2025 LAK (In millions)	2024 LAK (In millions)
Note(s)			
Cash flow from operating activities			
		166,730	187,299
Profit before income tax expense			
Adjustments for:			
		25,857	97,883
Net provision charges			
Interest and similar income	14	(545,102)	(440,955)
Interest and similar expense	14	301,450	176,209
Depreciation and amortisation charges	6,7,8	42,304	31,496
Loss on disposal of tangible fixed assets		299	58
Net (gain)/loss from dealing in foreign currencies		(873)	6,223
Interest received		531,068	436,484
Interest paid		(226,926)	(148,091)
Income tax paid	19	(34,445)	(38,554)
Profit from operations before change in operating assets and liabilities		280,362	248,052
Change in operating assets / liabilities			
		(10,200)	-
Placements with other banks			
Statutory deposits with BOL		(70,102)	(51,655)
Loans and advances to customers		(604,841)	(459,970)
Other assets		(38,853)	(22,802)
Amounts due to other banks		(37,860)	(165,624)
Amounts due to customers		902,575	604,844
Other liabilities		36,314	21,135
Net cash generated from operating activities		457,395	173,980
Cash flow from investing activities			
		(16,857)	(105,951)
Acquisition of property and equipment	7		
Acquisition of intangible assets	6	(93)	(5,183)
Proceeds from disposals of property and equipment		40	40,017
Acquisition of right-of-use asset		(4,719)	(16,929)
Net cash used in investing activities		(21,629)	(88,046)
Cash flow from financing activities			
			60,000
Proceeds from borrowings			
Repayments of borrowings		(69,750)	(170,560)
Payment of lease liabilities		(7,140)	(7,126)
Payment of taxes on increase in paid-up capital through retained earnings			(4,000)
Net cash used in financing activities		(76,890)	(121,686)
Net change in cash and cash equivalents		358,876	(35,752)
Cash and cash equivalents at 1 January		775,252	846,794
Effect of foreign exchange difference		(28,474)	(35,790)
Cash and cash equivalents at 31 December		1,105,654	775,252

Prepared by:



Ms. Sowanny Pech
Finance Consultant & CFO
Date: 24 March 2026



Approved by:



Mr. Rathmory Leath
Managing Director & CEO
Date: 24 March 2026

The accompanying notes on page 59 to 78 from integral part of these financial statements.

1. General information

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 University of Business Co., Ltd. which own 99.90% and 0.10%, respectively, as stated in the amended Memorandum and Articles of Association dated 28 May 2024.

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

As at 31 December 2025, the Bank had 1,026 employees (2024: 1,027 employees).

The financial statements of the Bank were authorised for issue by the Board of Directors on 24 March 2026.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below.

(a) Basis of preparation

The financial statements have been prepared in accordance with the Bank accounting policies, as described in the notes to the financial statements, and the relevant BOL regulations and notifications. The accounting principles applied may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The accompanying financial statements are not intended to present the financial position and financial performance in accordance with other jurisdictions.

Consequently, these financial statements are addressed only to those who are informed about the Bank's accounting policies and the relevant accounting regulations and notifications of BOL.

The preparation of the financial statements requires management to make estimates and assumptions affecting the amounts reported as assets and liabilities, the disclosure of any contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The financial statements have been prepared under the historical cost convention.

(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.

(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.

2. Summary of significant accounting policies (Continued)

(c) Fiscal year

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

(d) 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.

(e) Interbank and money market items

Interbank and money market items are carried at cost.

(f) Legal reserves

Under the requirement in the Law on commercial Banks, commercial Banks are required to appropriate net profit to following reserves;

- Regulatory reserve fund
- Business expansion fund and other funds

In accordance with the Law on Enterprise, 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.

(g) 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.

(h) 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.

ACLEDA Bank Lao Ltd.

Notes to the financial statements

For the year ended 31 December 2025

2. Summary of significant accounting policies (Continued)

(i) Provision for bad debts and doubtful loans and advances (continued)

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
(i) Deposits at the Bank	
- in the same currency with loans	100%
- in different currencies with those of loans	95%
(ii) Gold kept at the Bank	90%
(iii) Government bonds and BOL bonds	
- in the same currency with loans	
• With a remaining term of below 1 year	100%
• With a remaining term of between 1 year to 5 years	90%
• With a remaining term of over 5 years	80%
- in different currencies with those of loans	
• With a remaining term of below 1 year	95%
• With a remaining term of between 1 year to 5 years	85%
• With a remaining term of over 5 years	75%
(iv) Deposits at other banks or financial institutions	
• With a remaining term of below 1 year	80%
• With a remaining term of between 1 year to 5 years	75%
• With a remaining term of over 5 years	70%
(v) Letter of Credit or Standby Letter of Credit	95%
(vi) Letter of Guarantee or Bank Guarantee	90%
(vii) Real estates	40%

Changes in provision for non-performing loans is recorded to the statement of comprehensive income as "Specific provision charges". 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".

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.

(j) 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.

2. Summary of significant accounting policies (Continued)

(k) 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.

(l) 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.

(m) 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 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%

2. Summary of significant accounting policies (Continued)

(n) Deposits from customers and other banks

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

(o) Income recognition

(i) Interest income

Interest income is recognised on a daily accrual basis using the straight-line method and the interest rates stipulated in the loan 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.

(ii) Fee and commission income

Fees and commissions consist of fees received from fund transfer transactions, trade settlement, foreign currency exchange transactions, ATM transactions and financial guarantees.

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

(iii) Interest expense

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

(p) 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 profit 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.

2. Summary of significant accounting policies (Continued)

(q) Provision

A provision is recognised 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.

(r) 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.

(s) 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 January 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, all the Bank's staff will be eligible to get the retirement benefit base on the condition which stipulated in the Social Security Law (according to letter No. HQ 607/23 dated 14 June 2023).

2. Summary of significant accounting policies (Continued)

(t) Employee benefits (Continued)

The accrual of retirement benefit entitlement shall be in line which stipulated in the Social Security Law with the following:

- 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;
- 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.

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.

(u) 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.

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3. Cash and amounts due from other banks

	2025 LAK (In millions)	2024 LAK (In millions)
Cash on hand (i)	198,581	190,750
Amounts due from BOL (ii)	841,554	474,909
Amounts due from other banks (iii)	65,519	109,593
Included in cash and cash equivalents	1,105,654	775,252
Placements with other banks (iv)	10,200	-
	1,115,854	775,252

(i) Cash on hand

	2025 LAK (In millions)	2024 LAK (In millions)
LAK	127,399	122,901
USD	37,329	35,414
THB	33,464	31,885
EUR	54	141
Other currencies	335	409
	198,581	190,750

(ii) Amounts due from BOL

	2025 LAK (In millions)	2024 LAK (In millions)
Demand deposit	841,554	474,909

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

(iii) Amounts due from other banks

Amounts due from other banks are analysed as follows:

	2025 LAK (In millions)	2024 LAK (In millions)
Demand deposits included as cash and cash equivalents	65,519	109,593

By location and institution

	2025 LAK (In millions)	2024 LAK (In millions)
Balances with domestic banks		
Banque Pour le Commerce Extérieur Lao	5,958	22,165
Lao Development Bank	2,908	945
Agricultural Promotion Bank	12	13
Joint Development Bank	8	7
	8,886	23,130

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3. Cash and amounts due from other banks (Continued)

(iii) Amounts due from other banks (Continued)

	2025 LAK (In millions)	2024 LAK (In millions)
Balances with overseas banks		
ACLEDA Bank Plc.	21,988	71,838
Krung Thai Bank Public Company Limited	34,645	14,625
	56,633	86,463
	65,519	109,593

Classified by currencies

	2025 LAK (In millions)	2024 LAK (In millions)
LAK	7,006	20,043
USD	22,977	62,880
THB	35,507	26,600
KHR	29	70
	65,519	109,593

(iv) Placements with other banks

	2025 LAK (In millions)	2024 LAK (In millions)
Term deposits	10,200	-

This represents term deposits with other banks with tenors of 3 months with interest rate 1.80% per annum.

4. Statutory deposits with Central Bank

	2025 LAK (In millions)	2024 LAK (In millions)
Statutory deposits based on:		
Compulsory reserve	220,690	150,588
Registered capital reserve	5	5
	220,695	150,593

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 11% for foreign currency (2024: 8% and 11%), 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 1179/BOL dated 20 June 2025.

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5. Loans and advances to customers, net of specific provision

	2025 LAK (In millions)	2024 LAK (In millions)
Loans and advances to customers	3,641,066	3,036,225
Less: specific provision	(15,060)	(19,538)
	3,626,006	3,016,687

(a) Classified by currencies

	2025 LAK (In millions)	2024 LAK (In millions)
LAK	3,641,066	3,036,225
	3,641,066	3,036,225

(b) Classified by performance

	2025 LAK (In millions)	2024 LAK (In millions)
Pass loans	3,583,730	2,987,368
Watch list loans	18,474	6,151
Non-performing loans	38,862	42,706
	3,641,066	3,036,225

(c) Classified by type of business

	2025 LAK (In millions)	2024 LAK (In millions)
Agriculture	826,527	682,163
Manufacturing	98,281	97,476
Trade	1,475,437	1,149,966
Others	1,240,821	1,106,620
	3,641,066	3,036,225

(d) Classified by residual maturity

	2025 LAK (In millions)	2024 LAK (In millions)
Not later than 1 year	1,364,596	957,009
1 to 3 years	1,453,701	1,276,512
3 to 5 years	644,529	634,189
More than 5 years	178,240	168,515
	3,641,066	3,036,225

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5. Loans and advances to customers, net of specific provision (Continued)

(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

	2025 LAK (In millions)	2024 LAK (In millions)
As at 1 January	19,538	16,100
Provision made during the year	61,755	73,092
Reversal of provision during the year	(38,880)	(37,589)
Bad debt written off	(27,353)	(32,065)
Balance as at end of the year	<u>15,060</u>	<u>19,538</u>

(ii) General provision for credit activities

	2025 LAK (In millions)	2024 LAK (In millions)
As at 1 January	14,937	12,557
Provision made during the year	4,743	3,964
Reversal of provision during the year	(1,761)	(1,584)
Balance as at end of the year	<u>17,919</u>	<u>14,937</u>

6. Intangible assets

	Software license LAK (In millions)	Work in progress LAK (In millions)	Total LAK (In millions)
At 31 December 2024			
Cost	69,719	-	69,719
Less: accumulated amortisation	(40,314)	-	(40,314)
Net book value at 31 December 2024	<u>29,405</u>	<u>-</u>	<u>29,405</u>
Year ended 31 December 2025			
Opening net book value	29,405	-	29,405
Additions	15	78	93
Amortisation for the year	(7,796)	-	(7,796)
Closing net book value	<u>21,624</u>	<u>78</u>	<u>21,702</u>
At 31 December 2025			
Cost	69,734	78	69,812
Less: accumulated amortisation	(48,110)	-	(48,110)
Net book value at 31 December 2025	<u>21,624</u>	<u>78</u>	<u>21,702</u>

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7. 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)
At 31 December 2024							
Cost	7,762	8,118	173,133	10,729	19,295	818	219,855
Less: accumulated depreciation	(6,175)	(7,083)	(87,350)	(8,435)	(12,329)	-	(121,372)
Net book value at 31 December 2024	1,587	1,035	85,783	2,294	6,966	818	98,483
Year ended 31 December 2025							
Opening net book value	1,587	1,035	85,783	2,294	6,966	818	98,483
Additions	1,486	3,569	8,894	1,497	749	662	16,857
Transfers	161	427	657	34	201	(1,480)	-
Disposals / write-offs	(4)	(320)	(5)	(10)	-	-	(339)
Depreciation for the year	(469)	(751)	(22,749)	(927)	(2,020)	-	(26,916)
Closing net book value	2,761	3,960	72,580	2,888	5,896	-	88,085
At 31 December 2025							
Cost	9,405	11,794	182,679	12,250	20,245	-	236,373
Less: accumulated depreciation	(6,644)	(7,834)	(110,099)	(9,362)	(14,349)	-	(148,288)
Net book value at 31 December 2025	2,761	3,960	72,580	2,888	5,896	-	88,085

8. Right-of-use assets

	2025 LAK (In millions)	2024 LAK (In millions)
Right of use assets		
At 1 January 2024	55,434	45,697
Additions	4,719	16,929
Disposals / write-off	(3,666)	(7,192)
At 31 December	56,487	55,434
Accumulated amortisation		
At 1 January	(16,214)	(16,983)
Amortisation for the year	(7,592)	(6,423)
Disposals / write-off	3,659	7,192
At 31 December	(20,147)	(16,214)
Net book value	36,340	39,220

9. Other assets

	2025 LAK (In millions)	2024 LAK (In millions)
Accrued interest receivable	36,140	31,906
Prepaid expenses	14,133	12,156
Office supplies	5,287	2,112
Others (*)	75,861	42,160
	131,421	88,334

(*) The main representation is from a QR scan via LapNet with an amount LAK 69,337 million (2024: 38,241 million)

10. Amounts due to other banks

The amounts due to other banks are analysed as follows:

(a) Classified by types

	2025 LAK (In millions)	2024 LAK (In millions)
Term deposits	522,194	559,526
Savings deposits	23,322	21,840
Current deposits	781	2,793
Trust saving account	62	60
	546,359	584,219

10. Amounts due to other banks (Continued)

(b) Classified by currencies

	2025 LAK (In millions)	2024 LAK (In millions)
LAK	531,401	491,038
USD	14,944	93,091
THB	14	90
	546,359	584,219

(c) Classified by residual maturity

	2025 LAK (In millions)	2024 LAK (In millions)
1 to 3 months	130,950	269,193
4 to 6 months	254,869	219,526
7 to 12 months	154,540	78,500
Over 12 months	6,000	17,000
	546,359	584,219

(d) Classified by residence

	2025 LAK (In millions)	2024 LAK (In millions)
Domestic	546,145	583,368
Overseas	214	851
	546,359	584,219

11. Deposits from customers

The deposits from customers are analysed as follows:

(a) Classified by types

	2025 LAK (In millions)	2024 LAK (In millions)
Term deposits	2,245,320	1,463,656
Savings deposits	658,030	514,524
Current deposits	302,479	319,813
Trust and dormant accounts	25,310	30,618
Retirement deposits	11,541	11,203
Education saving deposits	6,036	5,827
Health saving deposits	580	1,080
	3,249,296	2,346,721

11. Deposits from customers (Continued)

(b) Classified by currencies

	2025 LAK (In millions)	2024 LAK (In millions)
LAK	2,895,610	1,913,749
THB	217,312	273,485
USD	136,374	159,487
	3,249,296	2,346,721

(c) Classified by residual maturity

	2025 LAK (In millions)	2024 LAK (In millions)
Within 3 months	1,639,615	1,162,385
Over 3 to 6 months	508,540	199,002
Over 6 to 12 months	555,904	598,954
Over 12 months	545,237	386,380
	3,249,296	2,346,721

(d) Classified by types of customers

	2025 LAK (In millions)	2024 LAK (In millions)
Individual deposits	2,844,700	1,907,633
Corporate deposits	404,596	439,088
	3,249,296	2,346,721

12. Borrowings

Borrowings are analysed as follows:

(a) Classified by terms

	2025 LAK (In millions)	2024 LAK (In millions)
Short term borrowing	-	60,000
Long term borrowing	31,250	41,000
	31,250	101,000

12. Borrowings (Continued)

(b) Classified by repayment maturity

	2025 LAK (In millions)	2024 LAK (In millions)
Current	10,625	69,750
Non-current	20,625	31,250
	31,250	101,000

13. Other liabilities

	2025 LAK (In millions)	2024 LAK (In millions)
Accrued interest payable - borrowings	156,794	82,270
Deferred and unearned revenue	32,362	30,062
Income tax payable (Note 19)	23,256	24,340
Lease liabilities	46,792	45,733
Accruals, provisions, and other liabilities	85,587	51,573
	344,791	233,978

14. Net interest income

	2025 LAK (In millions)	2024 LAK (In millions)
Interest income from:		
Loans and advances	523,514	425,633
Interbank and money market items	21,588	15,322
	545,102	440,955
Interest expense on:		
Deposits	(235,425)	(102,193)
Interbank and borrowings	(62,381)	(70,867)
Lease liabilities	(3,644)	(3,149)
	(301,450)	(176,209)
	243,652	264,746

15. Net fee and commission income

	2025 LAK (In millions)	2024 LAK (In millions)
Fee and commission income:		
Loan processing and penalty fees	122,854	109,563
Fees from deposits and transfers	8,022	5,883
Other fees	3,294	2,436
	134,170	117,882
Fee and commission expense:		
Fee related to operating with customer	(341)	(2,332)
Net fee and commission income	133,829	115,550

16. Other income

	2025 LAK (In millions)	2024 LAK (In millions)
Recovery of bad debts written off	26,444	24,712
Reverse on expense (*)	15,488	31,203
Other non-operating income	3,414	4,043
	45,346	59,958

(*) This mainly represents the recovery of loan penalty charges previously written off, which were collected during the period in amount to LAK 15,384 million (2024: 29,531 million)

17. Payroll and other staff costs

	2025 LAK (In millions)	2024 LAK (In millions)
Salaries and wages	83,714	70,278
Bonuses	34,801	38,796
Other benefits	7,299	6,980
	125,814	116,054

18. General and administrative expenses

	2025 LAK (In millions)	2024 LAK (In millions)
Repairs and maintenance	16,881	9,549
Communications	14,394	25,051
Others (*)	31,720	26,700
	62,995	61,300

(*) Others include audit fee of LAK 1,318 million (2024: 1,938 million).

19. 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% (2024: 20%) of total taxable income.

In accordance with issued letter from the Central Bank with reference 280 dated 14 May 2021, the Central Bank has instructed the Bank to reserve 5% for any potential additional tax payments. The Bank has recorded the additional taxes and penalties from years 2019 to 2022 as a direct deduction from the retained earnings in 2024. The Bank paid additional taxes and tax penalties amounting to LAK 1,200 million for years 2019 to 2022 after the completion of assessments performed by the tax authority in 2024. In 2025, the Bank did not receive a letter from the Central Bank to make a reserve for the 5% for the tax payment.

19. Income tax expense (Continued)

(a) Analysis of income tax expense

	2025 LAK (In millions)	2024 LAK (In millions)
Profit before income tax	166,730	187,299
Non-deductible expenses	2,406	39,941
Non-taxable income	(2,332)	(30,160)
Taxable income	166,804	197,080
Profit tax rate	20%	20%
Income tax expense	33,361	39,416

(b) Analysis of income tax payable

	2025 LAK (In millions)	2024 LAK (In millions)
At 1 January	24,340	22,278
Income tax expense	33,361	39,416
Tax paid during the year	(34,445)	(37,354)
At 31 December	23,256	24,340

20. Paid up share capital

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

	2025 LAK (In millions)	2024 LAK (In millions)
At 1 January	500,000	460,000
Increase in paid up capital	-	40,000
At 31 December	500,000	500,000

The Bank's shareholders are as follows:

Shareholders	2025		2024	
	Share (%)	LAK	Share (%)	LAK
ACLEDA Bank Plc	99.90%	499,500	99.90%	499,500
ACLEDA University of Business Co., Ltd	0.10%	500	0.10%	500
	100%	500,000	100%	500,000

In accordance with the Bank's Memorandum and Articles of Association with their respective share certificate dated 22 May 2024 the amended shares and registered share capital amounting to LAK 500,000 million (2024: LAK 500,000 million) is represented by 50 million ordinary shares (2024: 50 million) with a LAK 10,000 issue price (2024: 10,000).

During 2024, the Bank has increased its capital by LAK40 billion 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.

As at 31 December 2025, the share capital is fully paid-up.

21. Legal reserves

Legal reserve is set-up in accordance with the Enterprise Law of the Lao PDR which requires the appropriation of profit as a legal reserve of at least 10% of the annual net profit, after net of accumulated loss, if any, until such reserve reaches 50% of authorized share capital.

22. Related party transactions

	2025 LAK (In millions)	2024 LAK (In millions)
i) Balances with related parties		
Loans and advances		
Key management	12,892	10,688
Amounts due from related parties		
ACLEDA Bank Plc. (Holding bank)	21,988	71,838
Amounts due to related parties		
Key management	(6,593)	(8,330)
ii) Significant transactions with related parties		
Interest income		
Key management	1,175	875
Interest expense		
Key management	308	292
Salary and other benefits		
Key management	12,144	10,614
Fee and commission expense		
Swift annual fees	66	-
Expense on ATM Card	97	148
General and administrative expenses		
Board of director fees	1,786	1,109

23. Commitments and contingencies

(a) Loan commitments

	2025 LAK (In millions)	2024 LAK (In millions)
Bank guarantees	5,608	4,194
Unused portion of overdrafts	70,637	21,788
	76,245	25,982

(b) Capital expenditure

	2025 LAK (In millions)	2024 LAK (In millions)
Within 1 year	9,121	2,474
1 to 5 years	70	649
	9,191	3,123

(c) Taxation contingencies

The taxation system in the Lao PDR is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, Contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. 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.