

Banque Pour Le Commerce Extérieur Lao Public

Financial statements

as at and for the year ended 31 December 2024



Banque Pour Le Commerce Extérieur Lao Public

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Banque Pour Le Commerce Exterieur Lao Public

GENERAL INFORMATION

THE BANK

Banque Pour Le Commerce Exterieur Lao Public (herein referred to as “the Bank”) is a joint-stock bank incorporated and registered in the Lao People’s Democratic Republic (“Lao PDR”).

Establishment and Operations

The Bank was established from the equitization of Banque Pour Le Commerce Exterieur Lao which had been established in accordance with the Banking Business License No. 129/BOL dated 01 November 1989. On 23 December 2010, the Bank successfully undertook its Initial Public Offering. On 10 January 2011, the Bank was equitized and renamed into Banque Pour Le Commerce Exterieur Lao Public under the Operating License No. 0061/LRO dated 10 January 2011 issued by the Business License Registration Office of the Lao PDR. At that date, the Government, represented by the MOF, was the largest shareholder with 80% shareholding.

On 15 July 2011, the MOF sold 10% of the total ordinary shares (equivalent to 13,657,759 shares) to its strategic partner named Compagnie Financière de la BRED (“COFIBRED”) in accordance with the Ordinary Shares Purchase Agreement between the Ministry of Finance and COFIBRED. COFIBRED is a subsidiary of BRED, the biggest regional banking society in the Banque Populaire Group - a French group of cooperative banks. The total purchase price of LAK 150,235,349,000 has been paid fully by COFIBRED.

On 17 August 2017, Lao Securities Commission Office approved the Bank to recapitalize by both Rights offering (which resulted in 68,047,300 shares) and Public offering (which resulted in 3,098,400 shares) in Lao Securities Exchange in order to increase its charter capital. The Bank received the new Banking Business License No. 21/BOL, dated 13 September 2017 issued by the Bank of the Lao PDR. On 15 September 2017, Lao Securities Exchange certified that the Bank successfully increased its charter capital by an amount of LAK 355,728,500,000 (equivalent to 71,145,700 shares) in accordance with Listing Certificate No. 01/LSX, dated 15 September 2017 and its latest amended Business License No. 0429/ERO dated 18 May 2018 issued by Ministry of Industry and Commerce.

On 11 October 2019, Lao Securities Commission Office approved the Bank to recapitalized by both Rights offering and Public offering. The purpose of the government share divestment is to support more diverse shareholders to develop the Bank on the business expansion and sustainability. On 29 November 2019, Lao Securities Commission Office certified the Bank successfully offered 10% of the Bank’s shares.

The shareholding structure of the Bank as at 31 December 2024 is as follows:

<i>Shareholders</i>	<i>Number of shares</i>	<i>%</i>
The Government	124,634,021	60%
Strategic partners	20,772,359	10%
Local investors (including employees of the Bank) and other foreign investors	62,316,920	30%
	207,723,300	100%

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

Charter Capital

The charter capital as at 31 December 2024 is LAKm 1,038,617 (31 December 2023: LAKm 1,038,617).

Banque Pour Le Commerce Extérieur Lao Public

GENERAL INFORMATION (continued)

THE BANK (continued)

Location and Network

The Bank's Head Office is located at No. 01, Pangkham Street, Ban Xiengnheun, Chanthabouly District, Vientiane Capital, Lao PDR. As at 31 December 2024, the Bank has one (01) Head Office, seven (07) associates and joint ventures, twenty (20) main branches, one hundred and one (101) services units, and twelve (12) exchange units all over Lao PDR.

Investments in associates and joint ventures

As at 31 December 2024, the Bank has six (07) associates and joint ventures as follows:

<i>Name</i>	<i>Established in accordance with Business License No.</i>	<i>Business Sector</i>	<i>% owned by the Bank</i>
BCEL – Krung Thai Securities Company Limited	1079/ERO issued by the Ministry of Industry and Commerce on 10 July 2019.	Securities	70%
Lao Viet Joint Venture Bank	732/ERO dated 29 August 2016 by the Ministry of Industry and Commerce.	Banking & Finance	25%
Banque Franco - Lao Limited	0495/ERO dated 7 June 2018 by the Ministry of Industry and Commerce.	Banking & Finance	30%
Lao-Viet Insurance Joint Venture Company	0600 dated 16 August 2013 by the Ministry of Industry and Commerce.	Insurance	35%
Lao China Bank Company Limited	041/ERM dated 27 January 2014 by the Department of Enterprise Register and Management of Lao PDR.	Banking & Finance	31.35%
Lao National Payment Network Company Limited	0349/ERO granted by the Department of Enterprise Registration and Management of the Ministry of Industry and Commerce of the Lao PDR on 12 March 2019.	Settlement transaction management (Electronic)	20%
Lao Foreign Exchange Company Limited	4016/ERO granted by the Department of Enterprise Registration and Management of the Ministry of Industry and Commerce of the Lao PDR on 22 October 2024.	Foreign Currency Exchange Service (Electronic)	10%

BOARD OF DIRECTORS

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

<i>Name</i>	<i>Title</i>	<i>Date of appointment/resignation</i>
Mr. Bounpone Vannachit	Chairman	Appointed on 27 April 2023
Dr. Arkhomn Prasert	Vice Chairman	Appointed on 29 April 2024
Mr. Kamsouk Sundara	Vice Chairman	Reappointed on 27 April 2023 Resigned on 29 April 2024
Mr. Pasomphet Khamtanh	Member	Appointed on 29 October 2021
Mr. Stéphane Mangiavacca	Member	Appointed on 29 May 2020
Mrs. Saysamone Chanthachack	Member	Appointed on 22 November 2022
Assoc.Prof.Thongphet Chanthanivong	Member	Appointed on 29 October 2021
Mrs. Latdavanh Songvilay	Member	Appointed on 29 October 2021
Mr. Sonexay Silaphet	Member	Appointed on 29 October 2021
Mr. Viengsouk Chounthavong	Member	Appointed on 27 April 2018 Resigned on 30 March 2024

Banque Pour Le Commerce Exterieur Lao Public

GENERAL INFORMATION (continued)

MANAGEMENT

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

<i>Name</i>	<i>Title</i>	<i>Date of appointment/resignation</i>
Mrs. Saysamone Chanthachack	Managing Director	Appointed on 2 August 2022
Mr. Nanthalath Keopaseuth	Deputy Managing Director	Appointed on 30 September 2014
Mr. Kongsack Souphonesy	Deputy Managing Director	Appointed on 1 May 2021
Mr. Viengsouk Chounthavong	Deputy Managing Director	Appointed on 18 February 2019 Resigned on 30 March 2024
Mrs. Bouaphayvanh Nandavong	Deputy Managing Director	Appointed on 1 May 2021
Mr. Saychit Simmavong	Deputy Managing Director	Appointed on 1 May 2021
Mrs. Phousengthong Anoulakham	Deputy Managing Director	Appointed on 1 July 2024
Mr. Nalinh Silavongsith	Deputy Managing Director	Appointed on 1 July 2024

LEGAL REPRESENTATIVE

The legal representative of the Bank during the year and as at the date of this report is Mrs. Saysamone Chanthachack – Managing Director.

AUDITORS

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

Reference: 11436813/68463173 -SP

INDEPENDENT AUDITORS' REPORT

**To: Management of Banque Pour Le Commerce Extérieur Lao Public;
Bank of the Lao PDR; and
Laos Securities Commission Office**

We have audited the Bank's financial statements of Banque Pour Le Commerce Extérieur Lao Public ("the Bank"), which comprise the statement of financial position as at 31 December 2024, the statement of income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively being referred to as "the financial statements").

In our opinion, the accompanying financial statements of the Bank are prepared, in all material respects, in accordance with the accounting policies as described in Note 4 and the statutory requirements relevant to the preparation and presentation of the financial statements.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 4 to the financial statements, which describes the accounting policies adopted by the Bank. These accounting policies are not intended to present the financial position, the results of operations and cash flows of the Company in accordance with international generally accepted accounting principles.

Our opinion is not modified in respect of this matters.

Other Matter

The financial statements of the Bank for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 29 March 2024.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Bank financial statements of the year 2024. In addition to the matter described in the *Basis for Opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Allowance for impairment of loans to customers

As disclosed in Note 15 to the financial statements, the gross carrying amount of loan balance as at 31 December 2024 was LAK 62,162,622 million (44% of total asset), and provision for impairment balance was LAK 2,220,822 million.

The provision for impaired loans is a significant balance and carries a high degree of estimation uncertainty. The Bank's management is required to exercise judgement in identifying evidence of impairment and calculating the impairment amounts. In order to calculate the impairment provision, the Bank has developed models and makes certain assumptions including, but not limited to: collateral valuation, forecast future cash flows, and the financial condition of the borrower. Given the materiality of this balance, and the degree of judgement required of the Bank's management, and the inherent subjectivity of the assumptions selected, we considered this to be a significant item for our audit.

As part of our audit, we tested, the design and operating effectiveness of key controls in relation to loan origination and recognition; loan collection process; loan credit grading; Information technology general controls including manage change, manage access and operations control over completeness of customers' data used in calculation of provision.

We evaluated management's process for identifying individually impairment based on impairment indicators, the current macro-economic and industry factors. For a sample of loans which were identified as individual impairment, assessing and challenging management assumptions in respect of forecast cash, discount rate and collateral recoverable amounts and recalculated the impairment losses based on our assessment of the expected cash flows and recoverability of collateral. For loans impairments which were calculated on a collective basis, we tested the completeness and accuracy of data used in models, testing the arithmetical accuracy of the Bank's models, evaluated and challenged the appropriateness of assumptions including historical loss rate, and compared, where available, data and assumptions made by the Bank to external benchmarks.

We assessed the completeness and accuracy of financial statement disclosures relating to loan loss provisions to assess compliance with disclosure requirements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual report but does not include the financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and presentation of the financial statements in accordance with the accounting policies as described in Note 4 and the statutory requirements relevant to the preparation and presentation of the financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Bank's 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 the Bank's management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of 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 ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought of bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charge with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precluded public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young Lao Co., Ltd.




Van Le
Partner

Audit Practicing Registration
Certificate No. 018/LCPAA_APT-2019

Vientiane, Lao PDR

31 March 2025

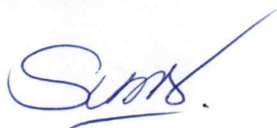
Banque Pour Le Commerce Extérieur Lao Public

INCOME STATEMENT

for the year ended 31 December 2024

	Notes	2024 LAKm	2023 LAKm
Interest and similar income	6	6,349,673	4,000,347
Interest and similar expense	6	(2,697,389)	(2,262,158)
Net interest and similar income	6	3,652,284	1,738,189
Fee and commission income	7	1,697,297	925,033
Fee and commission expense	7	(866,313)	(371,827)
Net fee and commission income	7	830,984	553,206
Net gain from dealing in foreign currencies	8	244,081	390,926
Other operating income	9	506,516	445,957
Operating income		5,233,865	3,128,278
Credit loss expense of loans to customers	16	(3,553,571)	(2,098,555)
Additional of impairment losses of financial investments	10	(7,287)	(2,301)
NET OPERATING INCOME		1,673,007	1,027,422
Personnel expenses	11	(595,148)	(399,534)
Depreciation and amortization	20.2, 21	(104,278)	(93,616)
Depreciation of right-of-use assets	22	(13,881)	(8,574)
Other operating expenses	12	(322,607)	(294,971)
TOTAL OPERATING EXPENSES		(1,035,914)	(796,695)
Share of profit and loss from investment in associates and joint ventures	19	57,418	52,393
PROFIT BEFORE TAX		694,511	283,120
Current profit tax expense	27.1	(154,509)	(40,272)
Deferred profit tax expense	27.4	(90,439)	(11,440)
NET PROFIT FOR THE YEAR		449,563	231,408
Earnings per share (LAK)	34	2,164	1,114

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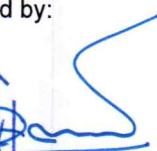
Ms. Phetsamay
Xayamoungkhoun
Deputy Chief of Accounting
Department

Approved by:



Mr. Hinhpet Chanthalangsy
Chief of Internal
Audit Department

Approved by:



Mrs. Phousengthong Anoulakkham
Deputy Managing Director



Vientiane, Lao PDR

31 March 2025

Banque Pour Le Commerce Exterieur Lao Public

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2024

	2024	2023
Notes	LAKm	LAKm
OTHER COMPREHENSIVE INCOME	449,563	231,408
Remeasurement loss on defined benefit plan	(52,650)	11,334
Profit tax related to components of other comprehensive income	27.4 10,530	(2,267)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	(42,120)	9,067
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	407,443	240,475

Prepared by:



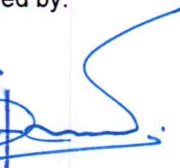
Ms. Phetsamay
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Deputy Chief of Accounting
Department

Approved by:



Mr. Hinhphet Chanthalangsy
Chief of Internal
Audit Department

Approved by:



Mrs. Phousengthong Anoulakkham
Deputy Managing Director



Vientiane, Lao PDR

31 March 2025

Banque Pour Le Commerce Extérieur Lao Public

STATEMENT OF FINANCIAL POSITION as at 31 December 2024

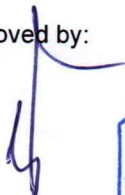
	Notes	31 December 2024 LAKm	31 December 2023 LAKm
ASSETS			
Cash and balances with the Bank of Lao PDR	13	32,718,705	31,684,143
Due from banks	14	20,512,515	21,964,355
Loans to customers	15	59,941,800	53,892,356
Financial investments - Available-for-sale	17	80,535	87,822
Financial investments - Held-to-maturity	18	25,001,699	15,098,095
Investments in associates and joint ventures	19	793,988	747,223
Construction in progress	20.1	227,042	171,204
Property and equipment	20.2	477,235	396,900
Intangible assets	21	316,513	321,734
Right-of-use assets	22	72,066	53,500
Deferred tax assets	27.4	226,165	102,813
Other assets	23	1,822,987	1,913,614
TOTAL ASSETS		142,191,250	126,433,759
LIABILITIES			
Due to banks and other financial institutions	24	6,198,128	9,463,117
Due to customers	25	127,589,277	109,471,717
Borrowings from other banks	26	4,456,239	4,378,394
Tax payables	27.2	195,347	80,461
Lease liabilities	22	47,059	29,285
Deferred tax liabilities	27.4	203,260	-
Other liabilities	28	579,150	433,121
TOTAL LIABILITIES		139,268,460	123,856,095
EQUITY			
Charter capital	29	1,038,617	1,038,617
Statutory reserves and other reserves	30	1,154,828	911,701
Remeasurement of post-employment benefit reserve		(24,013)	18,107
Retained earnings		753,358	609,239
TOTAL EQUITY		2,922,790	2,577,664
TOTAL LIABILITIES AND EQUITY		142,191,250	126,433,759

Prepared by:



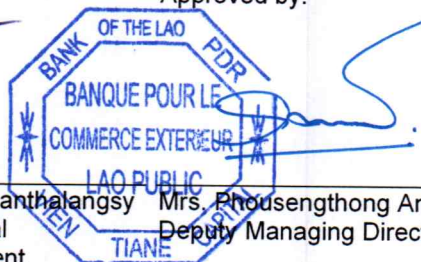
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Xayamoungkhoun
Deputy Chief of Accounting
Department

Approved by:



Mr. Hinhphet Chanthalangsy
Chief of Internal
Audit Department

Approved by:



Mrs. Phousengthong Anoulakkham
Deputy Managing Director

Vientiane, Lao PDR

31 March 2025

Banque Pour Le Commerce Exterieur Lao Public

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2024

	Charter capital LAKm	Statutory reserves and other reserves LAKm	Remeasurement of post-employment benefit reserve LAKm	Retained earnings LAKm	Total LAKm
Balance as at 31 December 2023	1,038,617	911,701	18,107	609,239	2,577,664
Net profit for the year	-	-	-	449,563	449,563
Appropriation to reserve for the year 2023 (*)	-	243,127	-	(243,127)	-
Distribution of dividends to shareholders for the year 2023 (**)	-	-	-	(62,317)	(62,317)
Remeasurement of post-employment benefit reserve	-	-	(52,650)	-	(52,650)
Profit tax related to components of other comprehensive income	-	-	10,530	-	10,530
Balances as at 31 December 2024	1,038,617	1,154,828	(24,013)	753,358	2,922,790

(*) Dividend payment was approved by Board of Directors, according to the Board of Directors' meeting minute No.009/BCEL.BOD dated 22 March 2024. The dividend was paid on 14 May 2024.

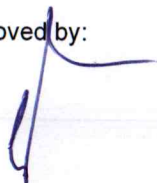
(**) The Bank is required to appropriate 10% of profit after tax each year into regulatory reserve fund and the Business expansion fund and other funds shall be created upon decision of the Board of Directors.

Prepared by:

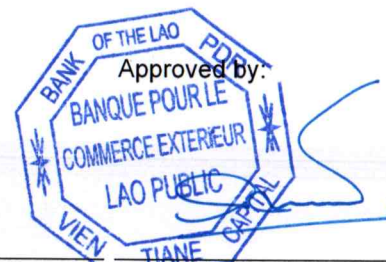


Ms. Phetsamay Xayamoungkhoun
Deputy Chief of Accounting Department

Approved by:



Mr. Hinphe Chanthalangsy
Chief of Internal Audit Department



Mrs. Phousengthong Anoulakkham
Deputy Managing Director

Vientiane, Lao PDR

31 March 2025

Banque Pour Le Commerce Exterieur Lao Public

STATEMENT OF CASH FLOWS for the year ended 31 December 2024

		2024 LAKm	2023 LAKm
OPERATING ACTIVITIES	<i>Notes</i>		
Profit before tax		694,511	283,120
<i>Adjustments for:</i>			
	20.2,		
Depreciation and amortization charges	21	104,278	93,616
Depreciation of right-of-use assets	22	13,881	8,574
Expense for impairment losses	16	3,553,571	2,098,555
Changes in provision for impairment loss on investment securities	10	7,287	2,301
Share of associates and joint venture's profit under equity method	19	(57,418)	(52,393)
Defined post-employment benefit expense		(52,650)	7,226
Loss on write off fixed assets		34	479
Interest income	6	(6,349,673)	(4,000,347)
Interest expense	6	2,697,389	2,262,158
Dividend income	9	-	(1,918)
Cash flows from operating profit before changing in operating assets and liabilities		611,210	701,371
<i>Changes in operating assets</i>			
Net change in balances with other banks		(2,296,194)	(12,079,564)
Net change in loans to customers		(5,570,497)	(20,095,751)
Net change in other assets		(6,397,701)	(1,177,526)
<i>Changes in operating liabilities</i>			
Net change in due to other banks		(3,627,272)	2,849,098
Net change in due to customers		15,782,455	28,253,313
Net change in other liabilities		4,062,714	118,692
Cash generated from/(used in) operations			
Tax paid during the year	27.3	(46,863)	(34,725)
Interest paid		(2,615,786)	(2,020,251)
Interest received		6,468,078	7,132,739
Net cash flows from operating activities		6,370,144	3,647,396
INVESTING ACTIVITIES			
Purchase and construction in progress and tangible assets		(236,114)	(105,860)
Purchase of Intangible asset		(8,951)	(50,307)
Purchase of right of use		(24,894)	(6,440)
Payment from investment in securities HTM		(115,809,319)	(5,674,624)
Proceed from investment in securities HTM		106,136,557	4,101,382
Payment for joint venture investment		(9,597)	(12,000)
Dividends received from associates and joint ventures		20,250	8,251
Dividend received from investment in securities		-	1,918
Net cash flows used in investing activities		(9,932,068)	(1,737,680)

Banque Pour Le Commerce Extérieur Lao Public

STATEMENT OF CASH FLOWS (continued)
for the year ended 31 December 2024

	Notes	2024 LAKm	2023 LAKm
FINANCING ACTIVITIES			
Proceed on borrowing		162,260	-
Payment of borrowing		(282,603)	-
Payment on lease payment		(24,894)	(10,870)
Payment of dividend		(62,317)	(20,771)
Net cash flows used in financing activities		(207,554)	(31,641)
Net change in cash and cash equivalents		(3,769,478)	1,878,075
Cash and cash equivalents at the beginning of the year		37,593,145	35,715,070
Cash and cash equivalents at the end of the year	31	33,823,667	37,593,145

Prepared by:



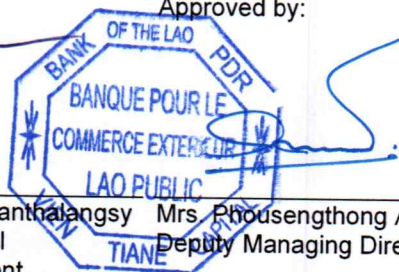
Ms. Phetsamay
Xayamoungkhoun
Deputy Chief of Accounting
Department

Approved by:



Mr. Hinhphet Chanthalangsy
Chief of Internal
Audit Department

Approved by:



Mrs. Phousengthong Anoulakkham
Deputy Managing Director

Vientiane, Lao PDR

31 March 2025

Banque Pour Le Commerce Exterieur Lao Public

NOTES TO THE FINANCIAL STATEMENTS
as at and for the year ended 31 December 2024

1. CORPORATE INFORMATION

Banque Pour Le Commerce Exterieur Lao Public (“the Bank”) is a joint-stock bank incorporated and registered in the Lao People’s Democratic Republic (“Lao PDR”).

Establishment and Operations

The Bank was established from the equitization of Banque Pour Le Commerce Exterieur Lao which had been established in accordance with the Banking Business License No. 129/BOL dated 01 November 1989. On 23 December 2010, the Bank successfully undertook its Initial Public Offering. On 10 January 2011, the Bank was equitized and renamed into Banque Pour Le Commerce Exterieur Lao Public under the Operating License No. 0061/LRO dated 10 January 2011 issued by the Business License Registration Office of the Lao PDR. At that date, the Government, represented by the MOF, was the largest shareholder with 80% shareholding.

On 15 July 2011, the MOF sold 10% of the total ordinary shares (equivalent to 13,657,759 shares) to its strategic partner named Compagnie Financière de la BRED (“COFIBRED”) in accordance with the Ordinary Shares Purchase Agreement between the Ministry of Finance and COFIBRED. COFIBRED is a subsidiary of BRED, the biggest regional banking society in the Banque Populaire Group - a French group of cooperative banks. The total purchase price of LAK 150,235,349,000 has been paid fully by COFIBRED.

On 17 August 2017, Lao Securities Commission Office approved the Bank to recapitalize by both Rights offering (which resulted in 68,047,300 shares) and Public offering (which resulted in 3,098,400 shares) in Lao Securities Exchange in order to increase its charter capital. The Bank received the new Banking Business License No. 21/BOL, dated 13 September 2017 issued by Bank of the Lao PDR. On 15 September 2017, Lao Securities Exchange certified that the Bank successfully increased its charter capital by an amount of LAK 355,728,500,000 (equivalent to 71,145,700 shares) in accordance with Listing Certificate No. 01/LSX, dated 15 September 2017 and its latest amended Business License No. 0429/ERO dated 18 May 2018 issued by Ministry of Industry and Commerce.

On 11 October 2019, Lao Securities Commission Office approved the Bank to recapitalized by both Rights offering and Public offering. The purpose of the government share divestment is to support more diverse shareholders to develop the Bank on the business expansion and sustainability. On 29 November 2019, Lao Securities Commission Office certified the Bank successfully offered 10% of the Bank’s shares.

The shareholding structure of the Bank as at 31 December 2024 is as follows:

<i>Shareholders</i>	<i>Number of shares</i>	<i>%</i>
The Government	124,634,021	60%
Strategic partners	20,772,359	10%
Local investors (including employees of the Bank) and other foreign investors	62,316,920	30%
	207,723,300	100%

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

Banque Pour Le Commerce Exterieur Lao Public

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

1. CORPORATE INFORMATION (continued)

Charter Capital

The charter capital as at 31 December 2024 is LAKm 1,038,617 (31 December 2023: LAKm 1,038,617).

Location and Network

The Bank's Head Office is located at No. 01, Pangkham Street, Ban Xiengnheun, Chanthabouly District, Vientiane Capital, Lao PDR. As at 31 December 2024, the Bank has one (01) Head Office, seven (7) associates and joint ventures, twenty (20) main branches, one hundred and one (101) services units, and twelve (12) exchange units all over Lao PDR.

Board of Directors

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

<i>Name</i>	<i>Title</i>	<i>Date of appointment/resignation</i>
Mr. Bounpone Vannachit	Chairman	Appointed on 27 April 2023
Dr. Arkhomn Prasert	Vice Chairman	Appointed on 29 April 2024
Mr. Kamsouk Sundara	Vice Chairman	Reappointed on 27 April 2023 Resigned on 29 April 2024
Mr. Pasomphet Khamtanh	Member	Appointed on 29 October 2021
Mr. Stéphane Mangiavacca	Member	Appointed on 29 May 2020
Mrs. Saysamone Chanthachack	Member	Appointed on 22 November 2022
Assoc.Prof.Thongphet Chanthanivong	Member	Appointed on 29 October 2021
Mrs. Latdavanh Songvilay	Member	Appointed on 29 October 2021
Mr. Sonexay Silaphet	Member	Appointed on 29 October 2021
Mr. Viengsouk Chounthavong	Member	Appointed on 27 April 2018 Resigned on 30 March 2024

Management

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

<i>Name</i>	<i>Title</i>	<i>Date of appointment/resignation</i>
Mrs. Saysamone Chanthachack	Managing Director	Appointed on 2 August 2022
Mr. Nanthath Keopaseuth	Deputy Managing Director	Appointed on 30 September 2014
Mr. Kongsack Souphonesy	Deputy Managing Director	Appointed on 1 May 2021
Mr. Viengsouk Chounthavong	Deputy Managing Director	Appointed on 18 February 2019 Resigned on 30 March 2024
Mrs. Bouaphayvanh Nandavong	Deputy Managing Director	Appointed on 1 May 2021
Mr. Saychit Simmavong	Deputy Managing Director	Appointed on 1 May 2021
Mrs. Phousengthong Anoulakham	Deputy Managing Director	Appointed on 1 July 2024
Mr. Nalin Silavongsith	Deputy Managing Director	Appointed on 1 July 2024

Banque Pour Le Commerce Extérieur Lao Public

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

1. CORPORATE INFORMATION (continued)

Investments in associates and joint ventures

As at 31 December 2024, the Bank has seven (07) associates and joint ventures as follows:

<i>Name</i>	<i>Established in accordance with Business License No.</i>	<i>Business Sector</i>	<i>% owned by the Bank</i>
BCEL – Krung Thai Securities Company Limited	1079/ERO issued by the Ministry of Industry and Commerce on 10 July 2019	Securities	70%
Lao Viet Joint Venture Bank	732/ERO dated 29 August 2016 by the Ministry of Industry and Commerce	Banking & Finance	25%
Banque Franco - Lao Limited	0495/ERO dated 7 June 2018 by the Ministry of Industry and Commerce	Banking & Finance	30%
Lao-Viet Insurance Joint Venture Company	0600 dated 16 August 2013 by the Ministry of Industry and Commerce	Insurance	35%
Lao China Bank Company Limited	041/ERM dated 27 January 2014 by the Department of Enterprise Register and Management of Lao PDR	Banking & Finance	31.35%
Lao National Payment Network Company Limited	0349/ERO granted by the Department of Enterprise Registration and Management of the Ministry of Industry and Commerce of the Lao PDR on 12 March 2019	Settlement transaction management (Electronic)	20%
Lao Foreign Exchange Company Limited	4016/ERO granted by the Department of Enterprise Registration and Management of the Ministry of Industry and Commerce of the Lao PDR on 22 October 2024	Foreign Currency Exchange Service (Electronic)	10%

Employees

Total number of employees of the Bank as at 31 December 2024 is 2,183 people (as at 31 December 2023: 2,075 people).

Banque Pour Le Commerce Exterieur Lao Public

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

2. BASIS OF PREPARATION

According to the Accounting Law No.46/NA dated 20 November 2023, public interest entities, including listed companies should apply International Financial Reporting Standards (“IFRS”) in preparing their annual financial statements, starting from 2017. In accordance with the Official Letter No. 1137/MOF dated 27 April 2020 by the Ministry of Finance and 295/BOL dated 16 June 2021 issued by the BOL, commercial Banks are allowed to delay the application of IFRS until 1 January 2026. The management is presently preparing action plan for implementation IFRSs in accordance with announcement.

For the year ended 31 December 2024, the Bank has prepared its financial statements in accordance with the accounting policies as set out in Note 4 to the financial statements. These accounting policies are not intended to present the financial position, results of operations and cash flows of the Bank in accordance with international generally accepted accounting principles.

The financial statements are prepared to meet the reporting requirements of the Bank’s shareholders and the regulators and should not be distributed to or used by other parties.

Financial reporting in hyperinflationary economies

As of December 31, 2024, the cumulative inflation rate in Lao P.D.R. over the past 36 months has exceeded 100%, categorizing the country as a hyperinflationary economy, according to the BOL report (<https://www.bol.gov.la/en/inflation>). On 26 March 2025, Bank of the Lao PDR has released official letter No. 0031/AFD, stating that the commercial banks that has fully adopted the International Financial Reporting Standard (IFRS) needs to apply IAS29 to address the effects of hyperinflation. Due to the Bank’s current financial statements is not yet followed full IFRS, hence, it has not applied IAS29 for the year ended 31 December 2024.

The financial statements have been prepared on a historical cost basis, except as disclosed in other notes.

The Bank maintains its accounting records in Lao Kip (“LAK”) which is the Bank functional currency and presents its financial statements in millions of LAK (“LAKm”).

The Bank’s fiscal year starts on 1 January and ends on 31 December.

3. PRESENTATION OF THE FINANCIAL STATEMENTS

The Bank presents its statement of financial position in order of liquidity. Financial assets and financial liabilities are generally reported gross in the statement of financial position. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- ▶ The normal course of business;
- ▶ The event of default;
- ▶ The event of insolvency or bankruptcy of the Bank and/or its counterparties.

Banque Pour Le Commerce Exterieur Lao Public

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 *New and amended standards*

The following amendments to existing IFRS accounting standards became effective for annual periods beginning on 1 January 2024:

- ▶ Classification of Liabilities as Current or Non-current Liabilities with Covenants – Amendments to IAS 1

None of these amendments will have an impact on the Bank's financial statements at 31 December 2024.

4.2 *Foreign currency translation*

Transactions in foreign currencies are initially recorded at the spot rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at year end are translated into LAK at exchange rates ruling on the statement of financial position date (see list of exchange rates of applicable foreign currencies against LAK on 31 December 2024 as presented in Note 38. All foreign exchange differences are taken into "Net gain/(loss) from dealing in foreign currencies" in the income statement.

4.3 *Financial instruments - initial recognition and subsequent measurement*

4.3.1 *Date of recognition*

All financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes "regular way trades" - purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' account. The Bank recognises due to customer balances when funds reach to the Bank.

Banque Pour Le Commerce Extérieur Lao Public

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 *Financial instruments - initial recognition and subsequent measurement (continued)*

4.3.2 *Initial measurement of financial instruments*

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

4.3.3 *The effective interest rate method*

Under IAS 39, interest income is recorded using the EIR method for all financial assets measured at amortised cost. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

Banque Pour Le Commerce Extérieur Lao Public

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 *Financial instruments - initial recognition and subsequent measurement* (continued)

4.3.3 *The effective interest rate method* (continued)

If expectations of fixed rate financial assets or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in *Interest revenue/expense calculated using the effective interest method*.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

- ▶ 4.2.6 for 'Held-to-maturity financial investments'
- ▶ 4.2.7 for 'Due from banks and loans and advances to customers'
- ▶ 4.2.8 for 'Due to other banks and customers and other borrowed funds'
- ▶ 4.4 for 'Impairment of financial assets'
- ▶ 4.8 for 'Recognition of income and expenses'

4.3.4 *'Day 1' profit or loss*

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'Net gain from dealing in foreign currencies'. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the income statement when the inputs become observable, or when the instrument is derecognised.

Banque Pour Le Commerce Extérieur Lao Public

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 *Financial instruments - initial recognition and subsequent measurement* (continued)

4.3.5 *Available for sale financial investments*

Available for sale investments include equity securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

The Bank has not designated any loans or receivables as available for sale.

After initial measurement, available for sale financial investments are subsequently measured at fair value.

Unrealised gains and losses are recognized directly in equity (Other comprehensive income) in the 'Available-for-sale reserve'. When the investment is disposed of, the cumulative gain or loss previously recognized in equity is recognized in the income statement in 'Other operating income'. Where the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. Dividends earned while holding available-for-sale financial investments are recognized in the income statement as 'Other operating income' when the right of the payment has been established. The losses arising from impairment of such investments are recognized in the income statement in 'Impairment losses on financial investments' and removed from the 'Available-for-sale reserve'.

4.3.6 *Held-to-maturity financial investments*

Held-to-maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Bank has the intention and ability to hold to maturity. After initial measurement, held-to-maturity financial investments are subsequently measured at amortized cost using the EIR. Periodically, held-to-maturity securities are subject to review for impairment. Allowance for impairment of these securities is made when there has been a significant or prolonged decline in the fair value below their cost. The losses arising from impairment of such investments are recognized in the income statement line 'Impairment loss expense'.

If the Bank were to sell or reclassify more than an insignificant amount of held-to-maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Bank would be prohibited from classifying any financial asset as held-to-maturity during the following two years.

Banque Pour Le Commerce Extérieur Lao Public

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 *Financial instruments - initial recognition and subsequent measurement (continued)*

4.3.7 *Due from banks and loans and advances to customers*

'Due from Banks' and 'Loans and advances to customers' and 'Held to maturity securities' include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- ▶ Those that the Bank intends to sell immediately or in the near term and those that the Bank, upon initial recognition, designates as at fair value through profit or loss;
- ▶ Those that the Bank, upon initial recognition, designates as available-for-sale;
- ▶ Those for which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration.

After initial measurement, amounts 'Due from Banks' and 'Loans and advances to customers' and 'Held to maturity securities' are subsequently measured at amortized cost using the EIR methodology, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. Therefore, the Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of the loan, hence, recognising the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (prepayments, penalty interest and charges).

If expectations are revised the adjustment is booked a positive or negative adjustment to the carrying amount in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest and similar income in the income statement.

The Bank may enter into certain lending commitments where the loan, on drawdown, is expected to be classified as held-for-trading because the intent is to sell the loans in the short term. These commitments to lend are recorded as derivatives and measured at fair value through profit or loss.

Where the loan, on drawdown, is expected to be retained by the Bank, and not sold in the short term, the commitment is recorded only when it is an onerous contract that is likely to give rise to a loss (for example, due to a counterparty credit event).

4.3.8 *Due to other banks and customers and other borrowed funds*

"Due to other banks and customers and other borrowed funds" include arrangements where the substance of the contractual arrangements result in the Bank having an obligation either to deliver cash or another financial asset to the holder.

After initial measurement, "Due to other banks and customers and other borrowed funds" are subsequently measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

Banque Pour Le Commerce Exterieur Lao Public

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 *Financial instruments - initial recognition and subsequent measurement* (continued)

4.3.9 *Reclassification of financial assets*

The Bank was permitted to reclassify, in certain circumstances, non-derivative financial assets out of the 'Held-for-trading' category and into the 'Available-for-sale', 'Loans and receivables', or 'Held-to-maturity' categories. From this date it was also permitted to reclassify, in certain circumstances, financial instruments out of the 'Available-for-sale' category and into the 'Loans and receivables' category. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortized cost.

For a financial asset reclassified out of the 'Available-for-sale' category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is recycled to the income statement.

In rare circumstances, the Bank may reclassify a non-derivative trading asset out of the 'Held-for-trading' category and into the 'Loans and receivables' category if it meets the definition of loans and receivables and the Bank has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognized as an adjustment to the EIR from the date of the change in estimate.

Reclassification is at the election of management, and is determined on an instrument by instrument basis.

4.4 *De-recognition of financial assets and financial liabilities*

4.4.1 *Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired. The Bank also derecognises the assets if it has both transferred the asset, and the transfer qualifies for derecognition.

The Bank has transferred the asset if, and only if, either:

- ▶ The Bank has transferred its contractual rights to receive cash flows from the asset or
- ▶ It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions when the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when certain conditions are met. As at 31 December 2024, the Bank does not have financial assets which are subject to such arrangements.

A transfer only qualifies for derecognition if either:

- ▶ The Bank has transferred substantially all the risks and rewards of the asset or
- ▶ The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Banque Pour Le Commerce Exterieur Lao Public

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 *De-recognition of financial assets and financial liabilities* (continued)

4.4.1 *Financial assets* (continued)

In relation to the above, the Bank considers the control to be transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

The Bank also derecognises a financial asset, in particular, a loan to customer when the terms and conditions have been renegotiated to the extent that it substantially became a new loan, with the difference recognised as an impairment in the income statement.

4.4.2 *Financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

4.5 *Impairment of financial assets*

The Bank assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganization; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Banque Pour Le Commerce Exterieur Lao Public

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 *Impairment of financial assets (continued)*

4.5.1 *Financial assets carried at amortized cost*

Specific impairment losses

For financial assets carried at amortised cost (such as amounts due from banks, loans and advances to customers), the Bank first assesses whether objective evidence of impairment exists for financial assets that are individually significant or are already under specific work out by management.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in credit loss expense in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of interest and similar income.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to income.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR. If the Bank has reclassified trading assets to loans and advances, the discount rate for measuring any impairment loss is the new EIR determined at the reclassification date.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Collective impairment model

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms (for example, on the basis of a credit risk evaluation or grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors).

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Banque Pour Le Commerce Extérieur Lao Public

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 *Impairment of financial assets (continued)*

4.5.1 *Financial assets carried at amortized cost (continued)*

Estimates of changes in future cash flows reflect and are directionally consistent with changes in related observable data from period to period (such as changes in unemployment rates, personal indebtedness, collateral values including property prices for mortgages, commodity prices, payment status or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

4.5.2 *Impairment of available for sale investments*

The Bank records impairment charges on available for sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Bank evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.

4.5.3 *Collateral valuation*

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed at a minimum, at inception and based on the Bank's annually reporting schedule.

To the extent possible, the Bank uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, housing price indices, audited financial statements, and other independent sources.

4.5.4 *Collateral repossessed*

The Bank's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets that are determined better to be sold, are immediately transferred to assets held for sale at their fair value at the repossession date in line with the Bank's policy.

4.6 *Offsetting financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial positions if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Banque Pour Le Commerce Extérieur Lao Public

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 *Investment in associates and joint ventures*

The Bank has interests in associates, which the Bank has significant influence but not control or joint control. Investments in associates are initially accounted at cost and subsequently measured using the equity method.

The Bank has interests in joint ventures, which are jointly controlled entities, whereby the ventures have a contractual arrangement that establishes joint control over the economic activities of the entities. The arrangement requires unanimous agreement for financial and operating decisions among the ventures. Investments in joint ventures are initially accounted at cost and subsequently measured using the equity method.

As at 31 December 2024, Lao Viet Joint Venture Bank (LVB) has number of loans to customers which it received the approval from Bank of Lao PDR via the official letter dated 16 February 2024. This approval allows LVB to keep those loans classified at Normal or Special Mention group and records accrued interest income.

Under the equity method, the investment in a joint venture or associate is initially recognized at cost in the statement of financial position plus any adjustment to the net assets relatively to the percentage of the Bank's investment in the joint ventures or associate afterwards.

The Bank's share of profit of a joint venture or associate is shown on the face of the income statement. This is the profit attributable to equity holders of the joint venture or associate and, therefore, is profit after tax and non-controlling interest in the subsidiaries of the joint venture.

After application of the equity method, the Bank will determine whether it is necessary to recognize an additional impairment loss of the investments in its joint ventures and associates. The Bank determines at each reporting date whether there is objective evidence of impairment that the investment in the joint ventures and associates is impaired. In that circumstance, the Bank will calculate the amount of impairment as the difference between the recoverable amount and carrying value of the investments in the joint ventures and associates and recognize the difference in the income statement.

4.8 *Recognition of income and expense*

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

4.8.1 *Interest and similar income and expense*

For all financial instruments measured at amortized cost, interest-bearing financial assets classified as available-for-sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the EIR. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

When the recorded value of a financial asset or a group of similar financial assets has been reduced by an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Recognition of income and expense (continued)

4.8.2 Fees and commission income

The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Bank's revenue contracts do not typically include multiple performance obligations, as explained further in 4.8.2.1 and 4.8.2.2 below. When the Bank provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time (unless otherwise specified in 4.8.2.1 and 4.8.2.2 below). The Bank has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

4.8.2.1 Fee and commission income from services where performance obligations are satisfied over time

Performance obligations satisfied over time include asset management, custody and other services, where the customer simultaneously receives and consumes the benefits provided by the Bank's performance as the Bank performs.

4.8.2.2 Fee and commission income from providing services where performance obligations are satisfied at a point in time

Services provided where the Bank's performance obligations are satisfied at a point in time are recognized once control of the services is transferred to the customer. This is typically on completion of the underlying transaction or service or, for fees or components of fees that are linked to a certain performance, after fulfilling the corresponding performance criteria. These include fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement/participation or negotiation of the acquisition of shares or other securities, or the purchase or sale of businesses, brokerage and underwriting fees.

4.8.3 Dividend income

Dividend income is recognized when the Bank's right to receive the payment is established.

4.8.4 Net trading income

Results arising from trading activities include all gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities 'held for trading'. This includes any ineffectiveness recorded in hedging transactions.

4.9 Cash and cash equivalents

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Property and equipment

Property and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. The following are annual rates used:

	Depreciation rate
Buildings & improvements	5%
Office equipment	20%
Furniture & fixtures	10-20%
Motor vehicles	20%

Property and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in 'Other operating income' in the income statement in the period the asset is derecognized.

4.11 Intangible assets

The Bank's other intangible assets include the value of land use rights and software.

An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and they are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

	Depreciation rate
Land use rights (*)	No amortization
Software	20%

(*): Cost of land use rights is not amortized as they have indefinite life.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 *Impairment of non-financial assets*

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit (CGU)'s fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Bank estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement.

4.13 *Financial guarantees*

In the ordinary course of business, the Bank issues financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognized in the financial statements (within 'Other liabilities') at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is recorded in the income statement in 'Credit loss expense'. The premium received is recognized in the income statement in 'Net fees and commission income' on a straight line basis over the life of the guarantee.

4.14 *Employee benefits*

Post-employment benefits

Post-employment benefits are paid to retired employees of the Bank at the time of retirement by the amount equal to (Latest Basic Salary + Wage + 25% of allowance (If have) + 25% of other benefits) x 1,5 x working years.

The fund for Post-employment benefits come from:

- (i) the retirement reserve contributed by the employees, for which the Bank withholds a certain monthly amount from employees' salary (5,5%) of the amount (Equal to Basic Salary + Wage + 25% of allowance + 25% of other benefits);
- (ii) and the Bank contribution by monthly, which is equal to 6% of the amount (Equal to Basic Salary + Wage + 25% of allowance + 25% of other benefits).

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 *Employee benefits* (continued)

Post-employment benefits (continued)

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Bank recognises the following changes in the net defined benefit obligation under 'Personnel expenses' in the statement of profit or loss:

- ▶ Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- ▶ Net interest expense or income

Termination benefits

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

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

For the termination of an employment contract on any of the above-mentioned grounds, the employer must pay a termination allowance which is calculated on the basis of 10% of the basic monthly salary earned before the termination of work. As at 31 December 2024, there is no employees of the Bank who were dismissed under the above-mentioned grounds, therefore the Bank has not made a provision for termination allowance in the financial statements.

4.15 *Provisions*

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Bank determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the income statement net of any reimbursement in other operating expenses.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Profit tax

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Bank operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

Current and deferred taxes are recognised as income tax benefits or expenses in the income statement except for tax related to the fair value remeasurement of available-for-sale assets, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to OCI. These exceptions are subsequently reclassified from OCI to the income statement together with the respective deferred loss or gain. The Bank also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

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

4.17 Fiduciary assets

The Bank provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity are not reported in the financial statements, as they are not the assets of the Bank.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 *Equity reserves*

The reserves recorded in equity on the Bank's statement of financial position include:

- Statutory reserves which are created in accordance with prevailing regulations of Lao PDR, as stated in Note 30.

4.19 *Standards issued but not yet effective*

New and amended standards and interpretations that are issued but not yet effective are being assessed by the Bank to determine the impact on the financial statements. As explained above, this would include standards and amendments that would already be effective based on the new standard or amendment, but the local endorsement is still in progress or has resulted in a later effective date.

4.19.1 *IFRS 18 Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. There are specific presentation requirements and options for entities, such as Good Bank, that have specified main business activities (either providing finance to customers or investing in specific type of assets, or both).

It also requires disclosure of newly defined management-defined performance measures, which are subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

Narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Bank is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Bank's financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

5.1 *Going concern*

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

5.2 *Effective Interest Rate method*

The Bank's EIR methodology, as explained in Note 4.3.3 recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to other fee income/expense that are integral parts of the instrument.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

5.3 *Impairment losses on loans and advances*

The Bank reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the income statement.

The Bank's impairment methodology for assets carried at amortised cost results in the recording of provisions for:

- ▶ Specific impairment losses on individually significant or specifically identified exposures;
- ▶ Collective impairment.

The detailed approach for each category is further explained in Note 4.5.1 All categories include an element of management's judgement, in particular for the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses. These estimates are driven by a number of factors, the changing of which can result in different levels of allowances.

5.4 *Impairment of available-for-sale investments*

The Bank reviews its debt securities classified as available-for-sale investments at each reporting date to assess whether they are impaired as explained in Note 4.5.2.

This assessment, including estimated future cash flows and other inputs in to the discounted cash flow model and in the case of equity instruments, the interpretation of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Bank evaluates, among other factors, historical share price movements, and the duration and extent to which the fair value of an investment is less than its cost.

5.5 *Deferred tax assets*

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax-planning strategies.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

6. NET INTEREST AND SIMILAR INCOME

	2024 LAKm	2023 LAKm
Interest income calculated using the effective interest method from:		
Lending to customers	4,032,517	3,118,426
Deposits at other banks	1,055,998	461,111
Others		
- Held-to-maturity securities	1,261,158	420,810
	6,349,673	4,000,347
Interest expense calculated using the effective interest method for:		
Due to banks	(362,284)	(249,531)
Customer deposits	(2,335,105)	(2,012,627)
	(2,697,389)	(2,262,158)
Net interest and similar income	3,652,284	1,738,189

7. NET FEE AND COMMISSION INCOME

	2024 LAKm	2023 LAKm
Fee and commission income from:		
Settlement services	833,063	582,628
Credit activities	746,710	14,963
Other activities	117,524	327,442
	1,697,297	925,033
Fee and commission expense for:		
Settlement services	(195,239)	(110,122)
Treasury activities	(671,074)	(261,705)
	(866,313)	(371,827)
Net fee and commission income	830,984	553,206

8. NET GAIN FROM DEALING IN FOREIGN CURRENCIES

	2024 LAKm	2023 LAKm
Gains from dealing in foreign currencies	17,885,179	15,392,519
Losses from dealing in foreign currencies	(17,641,098)	(15,001,593)
	244,081	390,926

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

9. OTHER OPERATING INCOME

	2024 LAKm	2023 LAKm
Recovery of bad debts written-off	460,642	429,990
Dividend income	-	1,918
Others	45,874	14,049
	506,516	445,957

10. IMPAIRMENT LOSSES OF FINANCIAL INVESTMENTS

	2024 LAKm	2023 LAKm
Impairment loss for Available-for-sale investments	(7,287)	(2,301)
	(7,287)	(2,301)

11. PERSONNEL EXPENSES

	2024 LAKm	2023 LAKm
Salary and wages	233,754	179,493
Allowances and other staff benefits	247,704	169,167
Post-employment benefits	106,360	45,643
Per diem	5,909	5,057
Training expenses	1,421	174
	595,148	399,534

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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12. OTHER OPERATING EXPENSES

	2024 LAKm	2023 LAKm
Repair and maintenance	43,420	32,774
Stationery and office materials	30,680	25,531
Training, meeting and seminar	24,696	18,553
Utilities	15,016	12,817
Telecommunication	14,480	9,466
Insurance expense	8,676	9,416
Publication, marketing and promotion	11,367	9,037
Office rental	8,180	6,759
Fuel expense	6,325	5,712
Audit fee	1,125	1,064
Consulting and financial service fees	514	645
Tax and other duties	3,308	1,406
Interest expense on lease liabilities	1,698	757
Deposit Insurance paid to Depositor Protection Fund	117,244	90,619
Others	35,878	70,415
	322,607	294,971

13. CASH AND BALANCES WITH THE BANK OF LAO PDR

	31 December 2024 LAKm	31 December 2023 LAKm
Cash on hand in LAK	2,415,523	2,343,586
Cash on hand in foreign currencies ("FC")	2,907,950	2,827,492
Balances with the BOL:		
- Demand deposit	10,367,826	15,450,480
- Compulsory deposit (*)	9,600,243	6,228,255
- Term deposit (**)	7,427,163	4,834,330
	32,718,705	31,684,143

Balances with the BOL include settlement and compulsory. These balances earn no interest.

(*) Under regulations of the BOL, the Bank is required to maintain certain reserves with the BOL in the form of compulsory deposits, which are computed at 8.00% for LAK and 11.00% for foreign currencies (2023: 8.00% for LAK and 10.00% for foreign currencies), on a bi-monthly basis, of customer deposits having original maturities of less than 12 months. During the period, the Bank maintained its compulsory deposits in compliance with the requirements by the BOL.

(**) Details of term deposits with Bank of the Lao PDR by maturity date are as follows:

	31 December 2024 LAKm	31 December 2023 LAKm
Less than 1 month	-	1,000,142
3 to 6 months	4,769,890	1,916,475
6 to 9 months	1,262,003	1,277,829
9 to 12 months	1,395,270	639,884
	7,427,163	4,834,330

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

13. CASH AND BALANCES WITH THE BANK OF LAO PDR (continued)

Details of term deposits with Bank of the Lao PDR by interest rate are as follows:

	<i>2024</i> <i>% per annum</i>	<i>2023</i> <i>% per annum</i>
Less than 1 month	-	0.74
3 to 6 months	0.10 - 4.50	2.04
6 to 9 months	2.59	2.59
9 to 12 months	3.14 - 5.00	3.14

14. DUE FROM BANKS

	<i>31 December 2024</i> <i>LAKm</i>	<i>31 December 2023</i> <i>LAKm</i>
Demand and saving accounts	11,345,576	11,804,977
- In LAK	144	10,945
- In foreign currencies	11,345,432	11,794,032
Term deposits	9,166,939	10,159,378
- In LAK	3,686,919	4,198,037
- In foreign currencies	5,480,020	5,961,341
	<u>20,512,515</u>	<u>21,964,355</u>

Interest rates for amounts due from other banks during the year are as follows:

	<i>2024</i> <i>% per annum</i>	<i>2023</i> <i>% per annum</i>
Demand deposits	0.07 - 3.30	0.15 - 1.20
Saving deposits	0.10 - 2.16	0.07 - 2.16
Term deposits	4.30 - 13.00	0.15 - 7.70

15. LOANS TO CUSTOMERS

	<i>31 December 2024</i> <i>LAKm</i>	<i>31 December 2023</i> <i>LAKm</i>
Gross loans	62,162,622	55,580,276
Less: Allowance for impairment losses	(2,220,822)	(1,687,920)
	<u>59,941,800</u>	<u>53,892,356</u>

Interest rates for commercial loans during the year are as follows:

	<i>2024</i> <i>% per annum</i>	<i>2023</i> <i>% per annum</i>
Loans denominated in LAK	3.00 - 17.00	3.00 - 17.00
Loans denominated in USD	5.80 - 16.00	5.80 - 16.00
Loans denominated in THB	6.00 - 9.25	6.00 - 11.50

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

15. LOANS TO CUSTOMERS (continued)

Analysis of loan portfolio by currency

	31 December 2024 LAKm (*)	31 December 2023 LAKm (*)
Loans denominated in LAK	22,106,133	19,153,975
Loans denominated in USD	29,869,645	30,272,378
Loans denominated in THB	10,186,844	6,153,923
	62,162,622	55,580,276

(*) The analysis figures are at amortized.

Analysis of loan portfolio by original maturity:

	31 December 2024 LAKm (*)	31 December 2023 LAKm (*)
Short-term loans	7,782,836	4,048,836
Medium-term loans	38,267,013	36,502,379
Long-term loans	16,112,773	15,029,061
	62,162,622	55,580,276

(*) the analysis figures are as at amortized cost.

Analysis of loan portfolio by type of industrial sectors:

	31 December 2024 (*)		31 December 2023(*)	
	LAKm	%	LAKm	%
Industrial services companies	37,341,192	60.07	31,581,226	56.82
Construction companies	6,389,390	10.28	6,766,094	12.17
Technical instruments enterprises	1,710,799	2.75	1,083,309	1.95
Agricultural and forestry	512,125	0.82	250,749	0.45
Trading companies	9,425,757	15.16	6,929,002	12.47
Transportation companies	230,923	0.37	2,230,823	4.01
Services companies	5,333,145	8.58	5,949,430	10.70
Handicrafts	11,624	0.02	138,520	0.25
Other loans	1,207,667	1.94	651,123	1.17
	62,162,622	100	55,580,276	100

(*) the analysis figures are as at amortized cost.

16. ALLOWANCE FOR IMPAIRMENT LOSSES

Changes in the allowance for impairment losses of loans to customers during the year ended 31 December 2024 are as follows:

	<i>Allowance for impairment of loans to customers LAKm</i>
Balance as at 1 January 2024	1,687,920
Net change during the year	3,553,571
Non-performing loans written-off	(3,037,234)
Foreign exchange differences	16,565
Balance as at 31 December 2024	2,220,822

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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16. ALLOWANCE FOR IMPAIRMENT LOSSES (continued)

Breakdown of allowance for impairment losses of loans to customers as at 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024		31 December 2023	
	<i>Outstanding balance (*) LAKm</i>	<i>Impairment LAKm</i>	<i>Outstanding balance (*) LAKm</i>	<i>Impairment LAKm</i>
Individually impaired	23,896,043	1,837,770	6,484,088	1,388,525
Collectively impaired	38,266,579	383,052	49,096,188	299,395
	62,162,622	2,220,822	55,580,276	1,687,920

(*) The analysis figures are at amortized cost.

17. FINANCIAL INVESTMENTS - AVAILABLE-FOR-SALE

	31 December 2024 LAKm	31 December 2023 LAKm
Listed shares of EDL-Generation Public Company (*)	80,535	87,822
	80,535	87,822

(*) As at 31 December 2024, the shares have been impaired by an amount of LAKm 100,669 below its cost of LAKm 181,204.

18. FINANCIAL INVESTMENTS - HELD-TO-MATURITY

	31 December 2024 LAKm	31 December 2023 LAKm
Amortized cost of Bonds issued by the Ministry of Finance (*)	9,849,870	6,611,379
Amortized cost of Treasury bills issued by the Ministry of Finance	5,853,010	4,258,674
Amortized cost of Bonds issued by bank of Lao PDR	9,298,819	4,228,042
	25,001,699	15,098,095

(*) These balances include bonds totaling USD 9,900,000 which has been extended for an additional one (1) year in accordance with the official letter from Ministry of Finance no. 2243/MOF dated 30 December 2024.

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18. FINANCIAL INVESTMENTS - HELD-TO-MATURITY (continued)

18.1 Treasury bills issued by the Ministry of Finance

Details of the treasury bills as at 31 December 2024 are as follows:

<i>Term</i>	<i>Issue date</i>	<i>Maturity date</i>	<i>CCY</i>	<i>Face value LAKm</i>	<i>Amortized cost LAKm</i>	<i>Interest rate % per annum (nominal)</i>
1 year	28-Mar-2024	28-Mar-2025	LAK	95,748	99,949	5.80
1 year	28-Mar-2024	28-Mar-2025	USD	1,929,831	2,002,895	5.00
1 year	19-Sep-2024	19-Sep-2025	THB	1,869,000	1,894,911	5.00
1 year	3-Jul-2024	3-Jul-2025	THB	1,246,000	1,276,514	5.00
1 year	24-Dec-2024	24-Dec-2025	CNY	578,200	578,741	5.00
				5,718,779	5,853,010	

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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18. FINANCIAL INVESTMENTS - HELD-TO-MATURITY (continued)

18.2 Bonds issued by the Ministry of Finance and BOL

► Details of other bonds by contractual maturity date are as follows:

	<i>Face value LAKm</i>	<i>Amortized cost LAKm</i>
Within 1 year	3,912,443	3,980,034
1 to 5 years	10,354,164	10,349,952
Over 5 years	4,857,423	4,818,703
	19,124,030	19,148,689

► Details of other bonds interest by contractual maturity date are as follows:

	<i>2024 % per annum</i>	<i>2023 % per annum</i>
Within 1 year	4.50 - 11.54	0.10 - 5.80
1 to 5 years	0.10 - 6.90	0.10 - 6.90
Over 5 years	4.20 - 7.50	5.50 - 6.00

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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19. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investment in associates and joint ventures - equity method:

Unit: LAKm

	BCEL – Krung Thai Securities Company Limited	Lao Viet Joint Venture Bank	Banque Franco - Lao Limited	Lao China Bank Company Limited	Lao-Viet Insurance Joint Venture Company	Lao National Payment Network Company Limited	Lao Foreign Exchange Company Limited	Total
As at 1 January 2024	79,765	268,772	175,985	196,536	16,452	9,713	-	747,223
Additional investment	-	-	-	6,265	1,332	-	2,000	9,597
Net share of profit in the year under equity method	5,891	12,715	16,078	11,797	5,036	5,814	87	57,418
Less:								
Net dividends received during the year	(4,140)	-	-	(11,268)	(4,842)	-	-	(20,250)
As at 31 December 2024	81,516	281,487	192,063	203,330	17,978	15,527	2,087	793,988

Investment in associates and joint ventures - percentage of ownership are as follows:

	31 December 2024		31 December 2023	
	Book value LAKm	Ownership %	Book value LAKm	Ownership %
Investment in associates and joint ventures				
BCEL - Krung Thai Securities Company Limited	70,000	70%	70,000	70%
Lao Viet Joint Venture Bank	197,839	25%	197,839	25%
Banque Franco - Lao Limited	150,000	30%	150,000	30%
Lao-Viet Insurance Joint Venture Company	10,500	35%	9,168	35%
Lao China Bank Company Limited	157,723	31.35%	151,458	39.87%
Lao National Payment Network Company Limited	6,800	20%	6,800	20%
Lao Foreign Exchange Company Limited	2,000	10%	-	-
	594,862		585,265	

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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19. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

- BCEL - Krung Thai Securities Company Limited was established in the Lao PDR under Business License No. 180-10, issued by the Investment Promotion Department of the Ministry of Planning and Investment of the Lao PDR on 14 December 2010. The main activities of the Company include offering brokerage services, proprietary trading, financial and securities investment advisory services, custody services, underwriting for share issuances, and various other value-added services.
- Lao Viet Joint Venture Bank ("LVB") was established in the Lao PDR, with its headquarters situated in Vientiane, and is involved in providing banking services. It operates as a joint venture with the Bank for Investment and Development of Vietnam, a state-owned commercial bank based in the Socialist Republic of Vietnam. The joint venture received its banking license from the Bank of Lao PDR on 31 March 2000, valid for a period of 30 years. In 2015, LVB raised its contributed capital to LAK 791,357,560,000. Following this capital increase, the Bank's ownership stake in LVB stands at 25%, as per Investment License No. 004-15/KH-DDT4 issued by the Ministry of Planning and Investment on 24 August 2015, amounting to LAK 197,839,390,000.
- Banque Franco - Lao Limited ("BFL") was established in the Lao PDR, with its headquarters in Vientiane, and is involved in providing banking services. It operates as a joint venture with Cofibred Company Frances De La Bred, a state-owned bank based in Paris, France. The joint venture received a temporary banking license from the Bank of Lao PDR on 1 October 2009, followed by a permanent license on 16 July 2010. As of 31 December 2024, the total contributed capital of the Bank in this investment amounted to LAKm 150,000 (2023: LAKm 150,000).
- Lao-Viet Insurance Joint Venture Company ("LVI") was established as a joint venture in the Lao PDR, offering insurance services under the first Investment License No. 077/08/FIMC, issued by the Foreign Investment Management Committee on 9 June 2008. It is a collaboration between BIDV Insurance Joint Stock Corporation and Lao Viet Joint Venture Bank. LVI's legal capital is USD 3,000,000, which was fully contributed by the partners on 17 July 2008. Additionally, the Bank contributed an extra USD 180,000 on 2 September 2013. As of 31 December 2024, the total contributed capital from the Bank to LVI amounted to LAKm 10,500.
- Lao China Bank Company Limited ("LCNB") was established in the Lao PDR and provides banking services. It operates as a joint venture with Fudian Bank China, a state-owned commercial bank based in China. The joint venture bank received its Banking Business License from the Bank of Lao PDR on 20 January 2014. In 2024, LCNB increased its number of shares from 1,299 to 1,563; however, BCEL retained 490 shares without making any additional contributions, resulting in a decrease in BCEL's ownership percentage from 39.87% to 31.35%. As of 31 December 2024, the total value of the investment was LAKm 157,723.
- Lao National Payment Network Company Limited (LAPNet) was established in the Lao PDR under Business License No. 0349, granted by the Department of Enterprise Registration and Management of the Ministry of Industry and Commerce on 12 March 2019. The Company provides financial services and is a collaboration among the Bank of Lao PDR, Union Pay International, Lao Development Bank, Agriculture Promotion Bank, Joint Development Bank, and Lao-Viet Bank. The legal capital amounts to LAKm 34,000. As of 31 December 2024, the total contributed capital from the Bank to this company was LAKm 6,800 (2023: LAKm 6,800).

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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19. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

- Lao Foreign Exchange Company Limited (LFX) was established in the Lao PDR under Business License No. 4016, granted by the Department of Enterprise Registration and Management of the Ministry of Industry and Commerce on 22 October 2024. The company provides financial services and is a collaboration among the Bank of Lao PDR, Agriculture Promotion Bank, ST Bank, ICBC Lao, Lao Viet Joint Venture Bank, Lao Development Bank, Indochina Bank, Banque Franco - Lao Limited, Joint Development Bank, Phongsavanh Bank, and Maruhan Japan Bank Lao. The legal capital is LAKm 20,000. As of 31 December 2024, the total contributed capital from the Bank to this company was LAKm 2,000.

20. PROPERTY AND EQUIPMENT AND TANGIBLE ASSETS

20.1 Construction in progress

Movement of construction in progress and fixed assets in transit for year ended 31 December 2024 is as follows:

	<i>Total LAKm</i>
As at 1 January 2024	171,204
Additions	208,532
Transferred to fixed assets	(152,694)
As at 31 December 2024	227,042

20.2 Property and equipment

Movements of property and equipment for year ended 31 December 2024 are as follows:

	<i>Buildings & improvements LAKm</i>	<i>Office equipment LAKm</i>	<i>Furniture & fixtures LAKm</i>	<i>Motor vehicles LAKm</i>	<i>Total LAKm</i>
Cost:					
As at 1 January 2024	556,973	303,787	36,680	25,365	922,805
Additions	2,643	19,675	1,908	3,356	27,582
Transferred from CIP and fixed assets in transit	17,621	108,038	-	18,084	143,743
Written off	(794)	(641)	(285)	-	(1,720)
As at 31 December 2024	576,443	430,859	38,303	46,805	1,092,410
Accumulated depreciation:					
As at 1 January 2024	264,090	213,940	28,440	19,435	525,905
Charge for the year	31,693	51,932	3,354	3,977	90,956
Written off	(794)	(607)	(285)	-	(1,686)
As at 31 December 2024	294,989	265,265	31,509	23,412	615,175
Net book value:					
As at 1 January 2024	292,883	89,847	8,240	5,930	396,900
As at 31 December 2024	281,454	165,594	6,794	23,393	477,235

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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21. INTANGIBLE ASSETS

Movements of intangible assets for year ended 31 December 2024 are as follows:

	<i>Land use rights LAKm</i>	<i>Software LAKm</i>	<i>Total LAKm</i>
Cost:			
As at 1 January 2024	289,324	68,002	357,326
Transferred from CIP and fixed assets in transit	-	8,951	8,951
Reclassified	(850)	-	(850)
As at 31 December 2024	288,474	76,953	365,427
Accumulated amortization:			
As at 1 January 2024	-	35,592	35,592
Charge for the year	-	13,322	13,322
As at 31 December 2024	-	48,914	48,914
Net book value:			
As at 1 January 2024	289,324	32,410	321,734
As at 31 December 2024	288,474	28,039	316,513

22. RIGHT-OF-USE ASSETS

Movements of the balance of right-of-used assets during the year are as follows:

	<i>Total LAKm</i>
Cost:	
As at 1 January 2024	87,995
Additions	32,730
Written off	(2,780)
As at 31 December 2024	117,945
Accumulated amortization:	
As at 1 January 2024	34,495
Charge for the year	13,881
Written off	(2,497)
As at 31 December 2024	45,879
Net book value:	
As at 1 January 2024	53,500
As at 31 December 2024	72,066

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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22. RIGHT-OF-USE ASSETS (continued)

Lease liability

Set out below are the carrying amounts of lease liability and the movements during the year:

	<i>31 December 2024</i> <i>LAKm</i>
As at 1 January 2024	29,285
Additional	30,758
Accrue interest	1,698
Payments	(24,894)
Foreign currency difference	10,212
As at 31 December 2024	47,059

23. OTHER ASSETS

	<i>31 December 2024</i> <i>LAKm</i>	<i>31 December 2023</i> <i>LAKm</i>
Assets waiting for sale (i)	1,270,177	1,459,456
Other assets awaiting account transfer or settlement (ii)	309,265	207,958
Advance for Top-up (iii)	148,386	106,637
Stationeries and other tools	35,192	32,000
Prepaid expenses to be allocated	27,949	21,130
Advance payment to suppliers	12,736	8,749
Others	19,282	77,684
	1,822,987	1,913,614

- (i) Assets waiting for sale consist of properties that have been transferred from the customers to the Bank to fulfill their loans' obligation.
- (ii) Other assets awaiting account transfer or settlement represent transactions such as interbank transfers, card transactions processed through an inter-card center, or other financial activities. These transactions have been initiated but have not yet been fully settled and reconciled between different entities, awaiting settlement with the related entities.
- (iii) Advance for Top-up represent a payment made in advance for the purchase of a telephone network's call value for the purpose of providing a top-up service to the Bank's customers.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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24. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	<i>31 December 2024</i>	<i>31 December 2023</i>
	<i>LAKm</i>	<i>LAKm</i>
Demand deposits	5,132,985	8,139,312
- In LAK	1,673,971	2,554,055
- In foreign currencies	3,459,014	5,585,257
Saving deposits	264,995	400,856
- In LAK	133,878	154,788
- In foreign currencies	131,117	246,068
Term deposits	672,419	882,819
- In LAK	202,229	202,170
- In foreign currencies	470,190	680,649
Others	127,729	40,130
- In LAK	85,376	40,130
- In foreign currencies	42,353	-
	6,198,128	9,463,117

Interest rates for deposits from other banks and financial institutions during the year are as follows:

	<i>2024</i>	<i>2023</i>
	<i>% per annum</i>	<i>% per annum</i>
Demand deposits	No interest	No interest
Saving deposits	0.00 - 1.25	No interest
Term deposits	1.15 - 6.00	0.56 - 6.65

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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25. DUE TO CUSTOMERS

	31 December 2024 LAKm	31 December 2023 LAKm
Demand deposits	16,286,689	16,773,450
Demand deposits in LAK	5,319,700	4,990,191
Demand deposits in FC	10,966,989	11,783,259
Saving Deposits	74,275,298	59,833,533
Demand saving deposits in LAK	27,378,425	23,185,552
Demand saving deposits in FC	46,896,873	36,647,981
Fixed term deposits	36,283,976	32,279,286
Fixed term deposits in LAK	10,820,412	9,323,976
Fixed term deposits in FC	25,463,564	22,955,310
Margin deposits	219,425	210,254
Margin deposits in LAK	45,068	32,218
Margin deposits in FC	174,357	178,036
Others	523,889	375,194
	127,589,277	109,471,717

The interest rates during the year for these deposits are as follows:

	2024 % per annum	2023 % per annum
Demand deposits	No interest	No interest
Saving deposits in LAK	1.25 - 1.60	1.25 - 1.89
Saving deposits in USD	0.60 - 1.00	0.90 - 1.15
Saving deposits in THB	0.45 - 0.55	0.45 - 0.70
Margin deposit	No Interest	No Interest
Term deposits in LAK	3.16 - 10.05	3.16 - 12.15
Term deposits in USD	1.35 - 7.00	1.65 - 7.75
Term deposits in THB	1.10 - 7.55	1.10 - 7.75

26. BORROWINGS FROM OTHER BANKS

	31 December 2024 LAKm	31 December 2023 LAKm
Borrowings from the BOL	4,329,468	4,316,134
Other financial institutions	126,771	62,260
	4,456,239	4,378,394

Borrowings from the BOL as at 31 December 2024 include:

- ▶ USD 84,854,000 long-term borrowing (original borrowing amount was USD 100,000,000 with interest rate of 5.50% per annum) for the purpose of providing credit to certain Government-backed Hydropower projects. The loan's contract has period from 27 August 2015 to 27 August 2025. Interest is paid quarterly.
- ▶ USD 97,900,000 long-term borrowing (original borrowing amount was USD 100,000,000 with interest rate of 5.30% per annum) for the purpose of providing credit to certain Government-backed Hydropower projects. The loan's contract has period from 3 May 2016 to 3 May 2026. Interest is paid quarterly.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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26. BORROWINGS FROM OTHER BANKS (continued)

- ▶ LAK 2,835,000,000 long-term borrowing (credit line was LAK 4,050,000,000 with interest rate of 3% per annum) for the purpose of providing credit to medium and small corporates who got effected from COVID-19 according to the BOL regulation No.318/BOL dated 19 May 2020. The loan's principal is paid by 3 times such as first-time repayment in 2024 for loan principal is 30%, second time repayment in 2025 for loan principal is 30%-, and third-time repayment in 2026 for loan principal is 40%. Interest is paid two time per year (June and December). This borrowing period is started from 18 August 2020 to 18 August 2026.
- ▶ LAK 2,881,659,900 long-term borrowing (credit line was LAK 4,200,000,000 with interest rate of 3% per annum) for the purpose of providing credit to medium and small corporates who got effected from COVID-19 according to the BOL regulation No.318/BOL dated 19 May 2020. The loan's principal is paid by 3 times such as first-time repayment in 2024 for loan principal is 30%, second time repayment in 2025 for loan principal is 30%, and third-time repayment in 2026 for loan principal is 40%. Interest is paid two time per year (June and December). This borrowing period is started from 3 November 2020 to 3 November 2026.
- ▶ LAK 2,100,000,000 long-term borrowing (credit line was LAK 3,080,000,000 with interest rate of 3% per annum) for the purpose of providing credit to medium and small corporates who got effected from COVID-19 according to the BOL regulation No.318/BOL dated 19 May 2020. The loan's principal is paid by 3 times such as first-time repayment is in 2024 for loan principal 30%, second time repayment is in 2025 for loan principal 30%, and third-time repayment is in 2026 for loan principal 40%. Interest is paid two time per year (June and December). This borrowing period is started from 22 December 2020 to 22 December 2026.
- ▶ LAK 10,050,000,000 long-term borrowing (credit line was LAK 15,050,000,000 with interest rate of 3% per annum) for the purpose of providing credit to medium and small corporates who got effected from COVID-19 according to the BOL regulation No.318/BOL dated 19 May 2020. The loan's principal is paid by 3 times such as first-time repayment is in 2025 for loan principal 30%, second time repayment is in 2026 for loan principal 30%-, and third-time repayment is in 2027 for loan principal 40%. Interest is paid two time per year (June and December). This borrowing period is started from 15 March 2021 to 15 March 2027.
- ▶ LAK 110,000,000,000 long term borrowing (credit line was LAK 110,000,000,000 with interest rate of 3% per annum) for the purpose of providing credit to medium and small corporates who got effected from COVID-19 according to the BOL regulation No.318/BOL dated 19 May 2020. The loan's principal is paid by 2 times such as first-time repayment is in 2026 for loan principal 40%- and second-time repayment is in 2027 for loan principal 60%. Interest is paid two time per year (June and December). This borrowing period is started from 3 November 2022 to 3 November 2027.
- ▶ LAK 120,000,000,000 long term borrowing (credit line was LAK 120,000,000,000 with interest rate of 3% per annum) for the purpose of providing credit for the company to capital of investment to develop medical technology and medicine (Purchase the production equipment, raw material for use in production and use to develop staff and investment construction the factory building). The loan's principal is paid by 4 times by repayment each year is 25% such as first-time repayment is in 2025. Interest is paid quarterly. This borrowing period is started from 27 December 2021 to 27 December 2028.
- ▶ LAK 97,879,500,000 long term borrowing (Credit line was LAK 106,790,000,000 with interest rate of 2.50%) for the purpose of providing credit for the enterprises, small and medium corporates to continue or expands their business. The loan principal is paid after the end of contract. This borrowing period is started from 2024 to 2029.

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26. BORROWINGS FROM OTHER BANKS (continued)

Borrowing from other financial institutions as at 31 December 2024 include:

- ▶ LAK 21,000,000,000 long term borrowing (Credit line was LAK 21,00,000,000 with interest rate of 0%) for the purpose of providing credit for the enterprises, small and medium corporates that Lao own 100% to continue or expands their business. The loan principal is paid after the end of contract. This borrowing period is started from 6 December 2022 to 6 December 2033.
- ▶ LAK 30,260,000,000 long term borrowing (Credit line was LAK 30,260,000,000 with interest rate of 0%) for the purpose of providing credit for the enterprises, small and medium corporates that Lao own 100% to continue or expands their business. The loan principal is paid after the end of contract. This borrowing period is started from 13 December 2023 to 20 October 2034.
- ▶ LAK 11,000,000,000 long term borrowing (Credit line was LAK 11,000,000,000 with interest rate of 0%) for the purpose of providing credit for the enterprises, small and medium corporates that Lao own 100% to continue or expands their business. The loan principal is paid after the end of contract. This borrowing period is started from 8 December 2023 to 08 December 2034.
- ▶ LAK 64,380,000,000 long term borrowing (Credit line was LAK 64,380,000,000 with interest rate of 0%) for the purpose of providing credit for the enterprises, small and medium corporates that Lao own 100% to continue or expands their business. The loan principal is paid after the end of contract. This borrowing period is started from 29 November 2024 to 29 November 2035.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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27. TAXATION

27.1 Profit tax expense

Major components of tax expense are as follows:

	2024 LAKm	2023 LAKm
Current profit tax expense	154,509	40,272
Deferred profit tax income	90,439	11,440
Total tax expense for the year	244,948	51,712

27.2 Tax payables

	31 December 2024 LAKm	31 December 2023 LAKm
Profit Tax payable	135,100	27,454
Value Added Tax payable	59,643	52,746
Personal income tax	604	261
	195,347	80,461

27.3 Current Profit Tax ("PT")

The Bank is obliged to pay profit tax at rate of 20% on total profit before tax of the year in accordance with Tax Law No.67/NA dated 18 June 2019 which is effective on or after 1 January 2020.

	2024 LAKm	2023 LAKm
Profit before tax in accordance with IFRS	694,511	283,120
Adjustment for temporally differences between IFRS-based and LAS	7,309	62,596
Profit before tax in accordance with LAS	701,820	345,716
<i>Increase/(Decrease):</i>		
- Income exempted from profit tax	(17,356,755)	(15,098,701)
- Non-deductible expenses	17,427,480	14,940,290
Taxable profit under LAS	772,545	187,305
PT expense at rate of 20%	154,509	37,461
Other adjustment	-	2,811
Current profit tax	154,509	40,272
Payable at the beginning of the year	27,454	21,907
Tax paid in the year	(46,863)	(34,725)
PT payable at the end of the year	135,100	27,454

The Bank's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations in many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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27. TAXATION (continued)

27.4 Deferred tax assets/(liabilities)

	Statement of financial position		Income statement		Statement of comprehensive income	
	2024 LAKm	2023 LAKm	2024 LAKm	2023 LAKm	2024 LAKm	2023 LAKm
Deferred tax assets	226,165	140,398	75,237	18,783	10,530	-
Deferred tax liabilities	(203,260)	(37,585)	(165,676)	(30,223)	-	(2,267)
Deferred tax assets, net	22,905	102,813				
Net deferred tax charged to the income statement			(90,439)	(11,440)		
Net deferred tax credited to the statement of comprehensive income					10,530	(2,267)

Details of the deferred tax assets and deferred tax liabilities are as follows:

	31 December 2024 LAKm	31 December 2023 LAKm
Deductible temporary differences	1,130,823	701,991
<i>In which:</i>		
<i>Difference between carrying value of term deposit at other banks</i>	7,025	-
<i>Difference between carrying value of investments under LAS and their amortized cost under special purpose framework</i>	-	10,795
<i>Difference between carrying value of loan to customer under LAS and their amortized cost under special purpose framework</i>	-	225,775
<i>Difference in impairment expense of investments under LAS and under special purpose framework</i>	1,082,481	452,640
<i>Difference in allowance for post-employment benefits under LAS and under special purpose framework</i>	41,317	12,781
Deferred tax assets (at tax rate 20%)	226,165	140,398
Taxable temporary differences	(1,016,303)	(187,925)
<i>In which:</i>		
<i>Difference between carrying value of loan to customer under LAS and their amortized cost under special purpose framework</i>	(781,370)	-
<i>Difference between carrying value of investments under LAS and their amortized cost under special purpose framework</i>	(5,285)	-
<i>Difference in recognition in equity instrument between tax base and accounting base</i>	(199,126)	(187,925)
<i>Difference between carrying value of due to customer under LAS and their amortized cost under special purpose framework</i>	(30,522)	-
Deferred tax liabilities (at tax rate 20%)	(203,260)	(37,585)

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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28. OTHER LIABILITIES

	31 December 2024 LAKm	31 December 2023 LAKm
Items waiting to settlement (i)	277,305	250,712
Defined post-employment benefit plan (ii)	127,555	63,216
Payables to employees	83,311	34,357
Payable to suppliers	63,246	34,354
Others	27,733	50,482
	579,150	433,121

(i) Other liabilities awaiting account transfer or settlement represent transactions such as interbank transfers, card transactions processed through an inter-card center, or other financial activities. These transactions have been initiated but have not yet been fully settled and reconciled between different entities, awaiting settlement with the related entities.

(ii) Changes in defined post-employment benefit plan are as follows:

	31 December 2024 LAKm	31 December 2023 LAKm
Opening balance	63,216	75,310
Past service cost	37,603	-
Current service cost	7,226	3,146
Interest cost	6,820	4,080
Actuarial changes arising from changes in financial assumption	19,726	(11,334)
Benefits paid	(7,036)	(7,986)
Ending balance	127,555	63,216

Net benefit expense (recognised in profit or loss):

	2024 LAKm	2023 LAKm
Current service cost	7,226	3,146
Interest cost	6,820	4,080
	14,046	7,226

29. CHARTER CAPITAL

There has been no change to paid-up capital during the year ended 31 December 2024.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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30. STATUTORY RESERVES AND OTHER RESERVES

	<i>Regulatory reserve fund LAKm</i>	<i>Business expansion fund LAKm</i>	<i>Total LAKm</i>
As at 1 January 2024	238,214	673,487	911,701
Appropriation to reserves for the year 2023	30,544	212,583	243,127
As at 31 December 2024	268,758	886,070	1,154,828

Under the requirement of the Law on Commercial Bank dated 16 January 2007, commercial banks are required to appropriate net profit to following reserves:

- ▶ Regulatory reserve fund
- ▶ Business expansion fund and other funds

In accordance with Article 156, Enterprise Law dated 26 December 2013, the Bank is required to appropriate 10% of profit after tax each year into regulatory reserve fund, after deducting its accumulated losses, if any. When this reserve fund reaches 50% of the registered capital, the Bank may suspend such provision, unless otherwise provided by the by laws.

The Business expansion fund and other funds shall be created upon decision of the Board of Management.

31. ADDITIONAL CASH FLOW INFORMATION

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	<i>31 December 2024 LAKm</i>	<i>31 December 2023 LAKm</i>
Cash on hand	5,323,473	5,171,078
Demand deposits with the BOL	10,367,826	15,450,480
Current accounts with other banks	11,345,576	11,804,977
Term deposits due within 3 months	6,786,792	5,166,610
	33,823,667	37,593,145

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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32. CONTINGENT LIABILITIES AND COMMITMENTS

	31 December 2024 LAKm	31 December 2023 LAKm
Commitments for financing given to other banks	8,729,738	8,711,150
Commitments for financing given to other banks	93,078	36,000
Bank guarantees	1,225,435	1,816,363
Collaterals and mortgages for loans	109,137,313	60,083,507
Collaterals and mortgages for guarantees given	233,394	238,279
	119,418,958	70,885,299

Letter of credit and bank guarantees

Letters of credit (including standby letters of credit) and bank guarantees commit the Bank to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of the contract. Guarantees and standby letters of credit carry the same credit risks as loans. Credit guarantees can be in the form of bills of exchange or in the form of irrevocable letters of credit, advance payment guarantees, and endorsement liabilities from bills discounted.

Un-drawn commitments to lend

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiry dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

However, the potential credit loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Lease commitments

As at 31 December 2024, the Bank did not entered into any lease contracts as either lessor or lessee which results in future cash inflows and/or outflows.

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33. RELATED PARTY DISCLOSURES

Related party transactions include all transactions undertaken with other parties to which the Bank is related. A party is related to the Bank if:

(a) directly, or indirectly through one or more intermediaries, the party:

- ▶ controls, is controlled by, or is under common control with, the Bank (this includes parent, subsidiaries and fellow subsidiaries);
- ▶ has an interest in the Bank that gives it significant influence over the Bank; or
- ▶ has joint control over the Bank.

(b) the party is a joint venture in which the Bank is a venture;

(c) the party is a member of the key management personnel of the Bank or its parent;

(d) the party is a close member of the family of any individual referred to in (a) or (c);

(e) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (d); or

(f) the party is a post-employment benefit plan for the benefit of employees of the Bank, or of any entity that is a related party of the Bank.

Remuneration to members of the key Management was as follows:

	<i>2024</i> <i>LAKm</i>	<i>2023</i> <i>LAKm</i>
Salaries	2,685	2,028
Bonus	290	39
Responsibility allowance	1,053	988
	<u>4,028</u>	<u>3,055</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

33. RELATED PARTY DISCLOSURES (continued)

Significant transactions with related parties during the year are as follows:

<i>Related party</i>	<i>Note</i>	<i>Transactions</i>	<i>Income LAKm</i>	<i>Expense LAKm</i>
The Bank of Lao PDR	(i)	Interest expense from borrowing from BOL	248,132	216,633
		Interest income from term deposit at BOL	202,192	30,723
		Interest income from investment in BOL's bonds	276,982	42,218
The Ministry of Finance of Lao PDR	(ii)	Interest income from investment in MOF's bonds	968,095	381,768

Significant balances with related parties as at 31 December 2024 are as follows:

<i>Related party</i>	<i>Note</i>	<i>Transactions</i>	<i>Receivable LAKm</i>	<i>Payable LAKm</i>
Bank of the Lao PDR	(i)	Borrowings from the BOL	-	4,329,468
		Demand deposits at BOL	10,367,826	-
		Compulsory deposits at BOL	9,600,243	-
		Term deposits at BOL	7,427,163	-
		Investment in BOL's bond	9,298,819	-
The Ministry of Finance of Lao PDR	(ii)	Investment in MOF's bonds	15,702,881	-
BCEL - Krung Thai Securities Company Limited	(iii)	Current account	-	162
		Saving accounts	-	1,013
Lao Viet Joint Venture Bank	(iii)	Current account	1,438,312	7,406
		Term deposits	1,007,405	-
Banque Franco – Lao Company Limited	(iii)	Current account	9,071	502
Lao-Viet Insurance Joint Venture Company	(iii)	Current account	-	2,233
Lao China Bank Co., Ltd	(iii)	Current account	24,255	36,999
Lao National Payment Network Company Limited	(iii)	Current account	-	7
Lao Foreign Exchange Company Limited	(iii)	Current account	-	12,073

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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33. RELATED PARTY DISCLOSURES (continued)

Significant balances with other related parties as at 31 December 2023 are as follows:

<i>Related party</i>	<i>Note</i>	<i>Transactions</i>	<i>Receivable LAKm</i>	<i>Payable LAKm</i>
Bank of the Lao PDR	(i)	Borrowings from the BOL	-	4,316,134
		Demand deposits at BOL	15,450,480	-
		Compulsory deposits at BOL	6,228,256	-
		Term deposits at BOL	4,834,330	-
		Investment in BOL's bond	4,228,042	-
The Ministry of Finance of Lao PDR	(ii)	Investment in MOF's bonds	10,870,053	-
BCEL - Krung Thai Securities Company Limited	(iii)	Current account	-	2,819
		Saving accounts	-	3,062
Lao Viet Joint Venture Bank	(iii)	Current account	2,028,764	538,290
		Term deposits	913,835	-
Banque Franco – Lao Company Limited	(iii)	Current account	-	10,921
Lao-Viet Insurance Joint Venture Company	(iii)	Current account	-	869
Lao China Bank Co., Ltd	(iii)	Current account	64,907	18,203
		Term deposits	50,311	-

- (i) *Direct controller*
(ii) *Direct owner*
(iii) *Joint venture*

34. EARNINGS PER SHARE

Earnings per share ("EPS") is calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Bank by the weighted average number of ordinary share outstanding during the year.

The following reflects the income and share data used in the earnings per share computation.

	<i>For year ended 31 December 2024</i>	<i>For year ended 31 December 2023</i>
Profit after tax attributable to ordinary equity holders for basic earnings (LAKm)	449,563	231,408
Weighted average number of ordinary shares for basic earnings per share (shares)	207,723,300	207,723,300
Earnings per share (LAK)	2,164	1,114

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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35. RISK MANAGEMENT POLICIES

Introduction

Risk is inherent in the Bank's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities.

The primary objective of the Bank in risk management is to comply with the BOL regulations. On the other hand, the Bank has recognized the importance of meeting international best practices on risk management. The Board of Directors and Board of Management, with support from an Asset and Liability Management Committee, are in process to formulate broad parameters of acceptable risk for the Bank and monitor the activities against these parameters.

The Board has appointed Asset and Liability Management Committee which has the responsibility to monitor the overall risk process within the Bank.

The Bank is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to various operating risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Bank's policy is to monitor those business risks through the Bank's strategic planning process.

Risk management structure

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Asset and Liability Management Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk-Compliance Department is responsible for managing risk decisions and monitoring risk levels and reports to the Board of Directors.

The Bank's policy is that risk management processes throughout the Bank are audited annually by the Internal Audit function, which examines both the adequacy of the procedures and the Bank's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

36. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value represents the amount at which an asset could be exchanged or a liability settled on an arms-length basis. As verifiable market prices are not available, market prices are not available for a significant proportion of the Bank's financial assets and liabilities, fair values, therefore, have been based on management assumptions according to the profile of the asset and liability base. In the opinion of the Bank's management, except for bonds issued by the Ministry of Finance, bonds issued by and borrowings from the BOL, the carrying amount of the financial assets and liabilities included in the statement of financial position are a reasonable estimation of their fair values. In making this assessment, the Bank's management assumes that loans are mainly held to maturity with fair values equal to the book value of loans adjusted for allowance for impairment losses.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2024

37. EVENTS AFTER THE REPORTING DATE

There is no matter or circumstance that has arisen since 31 December 2024 that requires adjustment or disclosure in the financial statements of the Bank.

38. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST LAK AT YEAR END

	31 December 2024 LAK	31 December 2023 LAK
USD	21,481.00	20,468.00
EUR	22,520.00	22,603.00
THB	623.00	635.51
GBP	27,147.00	25,723.00
JPY	137.64	144.10
AUD	13,427.00	13,871.00
CNY	2,891.00	2,954.00

Prepared by:



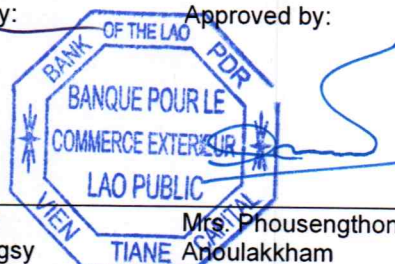
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Mr. Hinphe
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Chief of Internal
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Approved by:



Mrs. Phousengthong
Aboulakkham
Deputy Managing Director

Vientiane, Lao PDR

31 March 2025