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Lao China Bank Co., Ltd

Financial Statements

For the year ended 31 December 2025



Lao China Bank Co., Ltd

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Lao China Bank Co., Ltd

GENERAL INFORMATION

THE BANK

Lao China Bank Co., Ltd (“the Bank”) is a joint venture bank established in Lao People’s Democratic Republic (“Lao PDR”) between Banque Pour Le Commerce Exterieur Lao Public (31.35%) and Fudian Bank Co., Ltd (68.65%). The Bank operates under latest Banking License No. 22/BOL granted by Bank of the Lao PDR (“the BOL”) on 30 August 2024. The Bank also operates under latest Business License No. 039191/ERO dated 30 December 2025.

The registered capital of the Bank is LAK 500,062,417,117. The actual paid-up capital as at 31 December 2025 is LAK 500,062,417,117 (31 December 2024: LAK 500,062,417,117).

The current principal activities of the Bank are to provide comprehensive banking and related financial services in Lao PDR.

The Bank is located at Lao China Bank Head Office Building, No. 268, Unit 12, Sibounheuang Village, Chanthabouly District, Vientiane Capital, Lao PDR. As at 31 December 2025, the Bank has 01 (one) Head Office and 01 (one) branch in Luangnamtha Province, Lao PDR.

BOARD OF DIRECTORS

Members of the Board of Directors during the year ended 31 December 2025 and as at the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mr. Nanthalath Keopaseuth	Chairman	Appointed on 9 January 2024
Mr. Wan Zhiteng	Member	Appointed on 26 August 2021
Mr. Fu Zhiqian	Independent member	Appointed on 26 August 2021
Mr. Bounlouane Ounlathavong	Member	Appointed on 07 November 2023

MANAGEMENT

Members of the Management during the year ended 31 December 2025 and as at the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mr. Wan Zhiteng	General Director	Appointed on 08 October 2021
Mr. Xiao Wei	Deputy General Director	Appointed on 10 August 2022
Mr. Anouphap Phounsavath	Deputy General Director	Appointed on 11 July 2024

LEGAL REPRESENTATIVE

The legal representative of the Bank during the year ended 31 December 2025 and as at the date of this report is Mr. Wan Zhiteng - General Director.

AUDITORS

The auditor of the Bank is Ernst & Young Lao Co., Ltd.

Lao China Bank Co., Ltd

REPORT OF MANAGEMENT

Management of Lao China Bank Co., Ltd (“the Bank”) is pleased to present this report and the Bank’s financial statements as at and for the year ended 31 December 2025.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management is responsible for the preparation of the financial statements of each financial year in accordance with the Accounting Law of the Lao PDR and the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements. In preparing those financial statements, management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgments and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Bank and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the Accounting Law of Lao PDR and the regulations stipulated by Bank of the Lao PDR relevant to preparation of financial statements.

For and on behalf of Management:



Mr. WAN ZHITENG
General Director

Vientiane, Lao PDR

31 March 2026

Reference: 11487079/69360410-LAS

INDEPENDENT AUDITORS' REPORT

To: The Owners of Lao China Bank Co., Ltd

Opinion

We have audited the financial statements of Lao China Bank Co., Ltd ("the Bank"), which comprise the statement of financial position as at 31 December 2025, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the *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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Lao PDR. We have also 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 – Basis of Accounting

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

Other Matter

The financial statements of the Bank for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 31 March 2025.

Responsibilities of the Bank's Management and Board of Directors for the Financial Statements

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

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

The Board of Directors is responsible for overseeing the Bank's financial reporting process.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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



Vientiane, Lao PDR

31 March 2026



Lao China Bank Co., Ltd

INCOME STATEMENT
for the year ended 31 December 2025

Code	ITEMS	Notes	2025 LAK	2024 LAK
A.	OPERATING INCOME AND EXPENSES			
1	Interest and similar income	3	131,107,789,015	134,268,702,426
2	Interest and similar expenses	3	(53,328,964,006)	(67,156,364,189)
I.	NET INTEREST AND SIMILAR INCOME		77,778,825,009	67,112,338,237
3	Fee and commission income	4	6,877,906,232	13,502,512,523
4	Fee and commission expenses	4	(307,187,896)	(228,385,976)
5	Net gain from dealing in foreign currencies	5	32,927,027,580	15,623,164,464
II.	NET OPERATING INCOME		117,276,570,925	96,009,629,248
B.	OTHER INCOME AND EXPENSES			
6	Other operating income	6	1,956,394,864	8,257,009,976
7	Administration expenses		(49,216,814,416)	(44,046,467,195)
7.1	Payroll and other staff costs	7	(29,760,871,460)	(26,704,015,373)
7.2	Other administration expenses	8	(19,455,942,956)	(17,342,451,822)
8	Depreciation and amortization charges		(6,937,795,396)	(5,951,186,428)
9	Other operating expenses	9	(2,670,409,193)	(3,904,038,586)
10	Net provision charges for non-performing loans	14.2	-	-
III.	PROFIT BEFORE TAX		60,407,946,784	50,364,947,015
11	Current profit tax	20	(6,618,099,992)	(3,493,063,411)
IV.	PROFIT AFTER TAX		53,789,846,792	46,871,883,604

Prepared by:



Mr. Phoulaxavong Soulya
Deputy Head of Accounting and
Finance Department

Reviewed by:



ທະນາຄານ ສປປ ລາວ
ທະນາຄານ ລາວຈີນ ຈຳກັດ
Lao China Bank
Co., Ltd
ທະນາຄານ ລາວຈີນ

Mr. WAN ZHITENG
General Director

Vientiane, Lao PDR

31 March 2026

Lao China Bank Co., Ltd

STATEMENT OF FINANCIAL POSITION as at 31 December 2025

Code	ASSETS	Notes	31/12/2025 LAK	31/12/2024 LAK
I	Cash and balances with Bank of the Lao PDR (“the BOL”)		452,519,934,169	415,449,046,513
1	Cash on hand	10	80,579,724,007	72,024,527,687
2	Balance with the BOL	11	371,940,210,162	343,424,518,826
II	Due from other banks		1,017,576,269,214	933,813,198,098
1	Demand deposits	12	290,728,669,214	424,773,198,098
2	Term deposits	12	726,847,600,000	509,040,000,000
III	Investment in securities	13	371,475,000,000	113,000,000,000
IV	Loans to customers, net of specific provision for credit activities	14	1,253,000,866,781	1,171,094,667,170
V	Property, equipment and right of use assets		126,605,440,856	91,970,666,640
1	Fixed assets under purchasing or constructing	15.1	52,962,296,808	24,776,097,244
2	Tangible fixed assets	15.2	53,445,078,086	47,754,005,463
3	Right of use assets	15.3	19,298,422,248	19,440,563,933
4	Intangible assets		899,643,714	-
VI	Other assets		16,943,425,354	15,344,545,559
1	Accrued interest receivables	16	13,738,373,291	11,015,328,658
2	Tax advance	20	1,190,246,342	1,190,246,342
3	Other assets	17	2,014,805,721	3,138,970,559
	TOTAL ASSETS		3,238,120,936,374	2,740,672,123,980

Lao China Bank Co., Ltd

STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2025

Code	LIABILITIES AND CAPITAL	Notes	31/12/2025 LAK	31/12/2024 LAK
I	Due to other banks and other entities	18	211,694,531,810	251,612,075,824
1	Demand deposits		92,537,550,000	32,148,094,014
2	Term deposits		42,858,000,000	118,800,000,000
3	Borrowings		76,298,981,810	100,663,981,810
II	Due to customers	19	2,299,004,322,371	1,801,434,351,309
1	Demand and daily deposits		863,377,083,012	721,398,169,338
2	Saving deposits		381,612,306,998	138,879,548,164
3	Term deposits		1,054,014,932,361	936,836,633,807
4	Margin deposit		-	4,320,000,000
III	Other liabilities		59,043,016,488	73,997,904,704
1	Accrued interest payable		41,977,121,545	34,602,647,835
2	Tax and other payable to the state budget	20	4,766,740,534	1,587,355,441
3	Other payables	21	8,060,430,633	33,376,664,727
4	Lease liabilities	15.3	4,238,723,776	4,431,236,701
	TOTAL LIABILITIES		2,569,741,870,669	2,127,044,331,837
IV	Capital and reserves			
1	Paid-up capital	22	500,062,417,117	500,062,417,117
2	Regulatory reserve		21,509,861,166	16,130,876,487
3	Business expansion reserve		8,546,155,200	8,546,155,200
4	General provision for credit activities	14.2	9,464,515,010	8,503,088,240
5	Retained earnings		128,796,117,212	80,385,255,099
	TOTAL CAPITAL		668,379,065,705	613,627,792,143
	TOTAL LIABILITES AND CAPITAL		3,238,120,936,374	2,740,672,123,980

Lao China Bank Co., Ltd

STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2025

Code	OFF BALANCE SHEET ITEMS	Notes	31/12/2025 LAK	31/12/2024 LAK
I	Commitments			
1	Commitments for financing given to customers		78,846,991,691	28,699,453,264
	TOTAL COMMITMENTS GIVEN		78,846,991,691	28,699,453,264
II	Collaterals and Mortgages			
A	Collaterals and Mortgages for loans			
1	Collaterals and Mortgages for loans to customers		6,416,545,474,526	2,999,572,927,794
B	Collaterals and Mortgages for guarantees			
1	Collaterals and Mortgages for guarantees given to customers		4,714,380,000	7,452,000,000
	TOTAL COLLATERALS AND MORTGAGES		6,500,106,846,217	3,007,024,927,794

Prepared by:



Mr. Phoulaxavong Soulya
Deputy Head of Accounting and
Finance Department

Reviewed by:



Mr. WAN ZHITENG
General Director

Vientiane, Lao PDR

31 March 2026

Lao China Bank Co., Ltd

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2025

ITEMS	Paid-up capital LAK	Regulatory reserves LAK	General provision for credit activities LAK	Business expansion reserves LAK	Retained earnings LAK	Total LAK
Balance as at 01 January 2024	379,879,082,826	11,443,688,127	8,155,130,017	8,546,155,200	74,143,059,573	482,167,115,743
Paid up capital during the year	120,183,334,291	-	-	-	-	120,183,334,291
Net profit for the year	-	-	-	-	46,871,883,604	46,871,883,604
Appropriation to regulatory reserves	-	4,687,188,360	-	-	(4,687,188,360)	-
Net provision charged during the year	-	-	239,629,364	-	-	239,629,364
Foreign exchange difference	-	-	108,328,859	-	-	108,328,859
Dividend payment	-	-	-	-	(35,942,499,718)	(35,942,499,718)
Balance as at 31 December 2024	500,062,417,117	16,130,876,487	8,503,088,240	8,546,155,200	80,385,255,099	613,627,792,143
Net profit for the year	-	-	-	-	53,789,846,792	53,789,846,792
Appropriation to regulatory reserves	-	5,378,984,679	-	-	(5,378,984,679)	-
Net provision charged during the year	-	-	968,468,497	-	-	968,468,497
Foreign exchange difference	-	-	(7,041,727)	-	-	(7,041,727)
Balance as at 31 December 2025	500,062,417,117	21,509,861,166	9,464,515,010	8,546,155,200	128,796,117,212	668,379,065,705

Prepared by:



Mr. Phoulaxavong Soulya
Deputy Head of Accounting and Finance Department

Vientiane, Lao PDR

31 March 2026

Reviewed by:



Mr. WAN ZHITENG
General Director

Lao China Bank Co., Ltd

STATEMENT OF CASH FLOWS for the year ended 31 December 2025

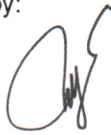
ITEMS	Notes	2025 LAK	2024 LAK
OPERATING ACTIVITIES			
Net profit before tax		60,407,946,784	50,364,947,015
<i>Adjustments for:</i>			
Depreciation and amortization charges	15	6,937,795,396	5,951,186,428
Credit loss provision expenses	14	526,297,960	307,390,321
Interest income		(131,107,789,015)	(134,268,702,426)
Interest expenses		53,328,964,006	67,156,364,189
Operating profit before changing in operating assets and liabilities		(9,906,784,869)	(10,488,814,473)
<i>(Increase)/Decrease in operating assets</i>			
Balances with other banks		(91,589,620,679)	(109,410,412,532)
Loans and advances to customers		(81,471,070,801)	(43,163,627,198)
Other assets		1,124,164,838	558,566,952
<i>Increase/(Decrease) in operating liabilities</i>			
Deposits and borrowings from other banks		(15,552,544,014)	(69,363,915,661)
Customer deposits and other amounts due to customers		497,569,971,062	463,740,414,322
Other liabilities		(731,344,473)	(140,397,422,436)
Profit tax paid during the year	20	(4,448,929,957)	(2,236,070,465)
Interest received		128,384,744,382	130,944,398,425
Interest paid		(45,954,490,296)	(81,045,057,387)
Net cash flows from operating activities		377,424,095,193	139,138,059,547
INVESTING ACTIVITIES			
Purchases of property and equipment		(40,706,466,561)	(25,869,240,649)
Proceeds from disposals of property and equipment		-	(281,627,500)
Payment for investment in bonds		(371,475,000,000)	(2,031,000,000,000)
Repayments of investment in bonds		113,000,000,000	1,983,240,000,000
Net cash flows used in investing activities		(299,181,466,561)	(73,910,868,149)
FINANCING ACTIVITIES			
Capital contribution and issuance of shares		-	120,183,334,291
Dividend payment		(23,440,810,679)	(12,501,689,041)
Drawdown of borrowings		37,475,000,000	4,400,000,000
Repayment of borrowing		(61,840,000,000)	(9,840,000,000)
Repayment of principal portion to lease liabilities		(1,192,479,860)	(771,249,600)
Net cash flows (used in)/from financing activities		(48,998,290,539)	101,470,395,650
Difference from foreign exchange		-	108,328,860
Net change in cash and cash equivalents		29,244,338,093	166,805,915,908

Lao China Bank Co., Ltd

STATEMENT OF CASH FLOWS (continued)
for the year ended 31 December 2025

ITEMS	Notes	2025 LAK	2024 LAK
Cash and cash equivalents at the beginning of the year		967,383,239,517	800,577,323,609
Cash and cash equivalents at the end of the year	23	996,627,577,610	967,383,239,517

Prepared by:



Mr. Phoulaxavong Soulya
Deputy Head of Accounting and
Finance Department

Reviewed by:



Mr. WAN ZHITENG
General Director

Vientiane, Lao PDR

31 March 2026

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS
as at and for the year ended 31 December 2025

1. CORPORATE INFORMATION

Establishment and operations

Lao China Bank Co., Ltd (“the Bank”) is a joint venture bank established in Lao People's Democratic Republic (“Lao PDR”) between Banque Pour Le Commerce Exterieur Lao Public (31.35%) and Fudian Bank Co., Ltd (68.65%). The Bank operates under Banking License No. 22/BOL granted by Bank of the Lao PDR (“the BOL”) on 30 August 2024. The Bank also operates under latest Business License No. 039191/ERO dated 30 December 2025.

The current principal activities of the Bank are to provide comprehensive banking and related financial services in the Lao PDR.

The latest registered capital of the Bank is LAK 500,062,417,117. Its actual paid-up capital as at 31 December 2025 is LAK 500,062,417,117 (31 December 2024: LAK 500,062,417,117).

The Bank's head office is located at Lao China Bank Head Office Building, No. 268, Unit 12, Sibounheuang Village, Chanthabouly District, Vientiane Lao PDR. As at 31 December 2025, the Bank has 01 (one) branch in Luangnamtha Province, Lao PDR.

Employees

Total employees of the Bank as at 31 December 2025 is 76 people (31 December 2024: 65 people).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. *Statement of compliance*

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

2.2. *Basis of preparation*

The Bank maintained its accounting records in Lao KIP (“LAK”) and prepared its financial statements in Lao Kip (“LAK”) in accordance with Decree No. 02/PR by the Prime Minister of Lao PDR dated 22 March 2000, the Accounting Law of Lao PDR and the regulations stipulated by Bank of the Lao PDR relevant to preparation and presentation of financial statements (“LAS”).

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

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2. *Basis of preparation* (continued)

Financial reporting in hyperinflationary economics

In 2024, the economy of Lao People's Democratic Republic (Laos) was recognised as hyperinflationary since meeting of criteria, stipulated in IAS 29 "Financial Reporting in Hyperinflationary Economies". From 1 January 2025 the economy of Laos has been no more considered as hyperinflationary. 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 not yet followed full IFRS, hence, it has not applied IAS29 for the year ended 31 December 2025.

Fiscal year

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

2.3. *Changes in accounting policies*

The accounting policies adopted by the Bank in preparation of these financial statements are consistent with those used in preparation of the Bank's financial statements for the year ended 31 December 2024.

2.4. *Recognition of interest income and expenses*

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

The recognition of accrued interest income is suspended when the loans becoming non-performing (See Note 2.8 for the definition of non-performing loans) or when management believes that the borrower has no ability to repay the interest and principal. Interest income on such loans is only recorded in the income statement when actually received.

2.5. *Recognition of fee and commission*

Fees and commissions consist of fees received for fund transfer (including trade settlement), fee arising for foreign currency exchange transactions and fee arising from financial guarantees.

Fee and commission income is recognized in the income statement on cash basis.

2.6. *Cash and cash equivalents*

Cash and cash equivalents consist of cash and highly liquid short-term investments with an original maturity of less than 30 days that are readily convertible to known amount of cash; and accounts due from banks with original maturity of less than 30 days.

2.7. *Loans to customers*

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

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8. Classification of and provision for credit activities

Loan classification

In accordance with Regulation 512/BOL (“BOL512”) dated 29 June 2018, Official Letter No. 898/CBSD (“OL898”) dated 14 November 2018 and the Official Letter No. 818/CBMD (“OL818”) dated 16 October 2018, the Bank has classified loans into 5 groups based on the payment arrears status and other qualitative factors. Loans classified as either Normal or Pass (Group A) or Watch or Special Mention (Group B) are considered as performing loans. Loans classified as either Substandard (Group C) or Doubtful (Group D) or Loss (Group E) are considered Non-performing loans (“NPL”).

The Bank also applies the Regulation 238/BOL dated 26 March 2020, Guidance 249/BOL dated 11 May 2020 and Regulation 368/BOL dated 26 March 2024 by the BOL on loan restructuring, extension and retention of loan classification group to assist the borrowers affected by Covid-19 pandemic. In 2024, Regulation 238/BOL has been cancelled by Regulation 368/BOL dated 26 March 2024. Accordingly, the Bank is allowed to restructure the loans qualified for maximum two (02) times and retain their classification groups for borrowers affected by Covid-19 pandemic from year 2020 to 2023.

Provision

In accordance with Regulation BOL512, Regulation OL898 and specific approval No. OL818, the Bank creates provision for loans based on their classification groups as follows:

Group	Provision rate	Provision type (i)	Accounting for provision balance (ii)	Accounting for changes in provision balance (iii)
<i>Performing loans</i>				
A	1.0%	General	In equity	Other expense/ income
B	3.0%	Specific	Deducted to loan balance	Other expense/ income
<i>Non-performing loans</i>				
C	20.0%	Specific	Deducted to loan balance	Net provision for NPL
D	50.0%	Specific	Deducted to loan balance	Net provision for NPL
E	100.0%	Specific	Deducted to loan balance	Net provision for NPL

- (i) Provision amount is calculated by the following formulas:
- General provision = Provision rate x Loan outstanding balance
 - Specific provision = Provision rate x (Loan outstanding balance – discounted value of collateral)
- (ii) The balance of provision for *loans classified into Group A* is recorded in the balance sheet in “General provision for credit activities” under capital and reserves of the Bank.
- Accumulated balance of provision for *other loans* is recorded on the balance sheet in “Loans to customers, net of specific provision for credit activities”.
- (iii) Changes in provision for *performing loans* are recorded to the income statement as “Other operating expenses” for provision expense and “Other operating income” for reversal of provision expense.

Changes in provision for *other loans* are recorded to the income statement as “Net provision charges for non-performing loans”.

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9. Fixed assets

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

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

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

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

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

2.10. Depreciation

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

Tangible fixed assets:

Office equipment	20%
Furniture and fixtures	20%
Building improvements	5% - 10%
Motor vehicles	20%

2.11. Statutory reserves

Under the requirement of the Law on Commercial Banks dated 7 December 2018, commercial banks are required to appropriate net profit to following reserves:

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

In accordance with Article 154 (amended), Enterprise Law dated 29 December 2024, the Bank is required to appropriate 10% of profit after tax each year into regulatory reserve fund. When this reserve fund reaches 50% of the registered capital, the Bank may suspend such provision, unless otherwise provided by the laws.

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

Accordingly, the Bank has appropriated the following reserves for the year 2025:

	<i>% of profit after tax</i>
Regulatory reserves	10%

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Leases

2.12.1. Right-of-use assets

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

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

2.12.2. Lease liabilities

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

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

2.12.3. Short-term leases and leases of low-value assets

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

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12. Leases (continued)

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

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

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

2.13. Foreign currency transactions

Transactions in original currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at year end are translated into LAK at exchange rates ruling on the statement of financial position date (see the list of exchange rates of applicable foreign currencies against LAK on 31 December 2025 as presented below). All foreign exchange differences are taken into "Net gain/(loss) from dealing in foreign currencies" in the income statement.

	31/12/2025	31/12/2024
	LAK	LAK
United State Dollar ("USD")	21,429	21,600
Thai baht ("THB")	681.32	622.95
Chinese Yuan ("CNY")	3,045	2,952

2.14. Profit tax

Provision is made for Profit Tax on the current year's profits, based on the Tax Law governing taxation within Lao PDR. The Bank is obliged to pay profit tax at rate of 20% of total profit before tax in accordance with the Tax Law No. 67/NA dated 18 June 2019 which is effective on or after 1 January 2020. Accordingly, the Bank is subject to the tax rate of 20% for the year ended 31 December 2025. 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.

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 recognized directly in equity is recognized 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.

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14. Profit tax (continued)

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 utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

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

2.15. Employee benefit

Post-employment benefits

Post-employment benefits are paid to retired employees of the Bank by the Social Security Fund Department which belongs to the Ministry of Labor and Social Welfare. The Bank is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 6% of employee's basic salary on a monthly basis. The Bank has no further obligation concerning post-employment benefits for its employees other than this.

Termination benefits

In accordance with Article 82 of the Amended Labor Law 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 specialized 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 labor 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 for the worker who has worked for less than three years. As at 31 December 2025, there are no employees of the Bank who were dismissed under the above-mentioned grounds; therefore, the Bank has not made a provision for termination allowance in the financial statements.

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

3. NET INTEREST AND SIMILAR INCOME

	2025 LAK	2024 LAK
Interest and similar income from:		
Interbank transactions	39,022,446,917	39,677,928,538
Loans to customers	81,420,072,422	88,761,001,447
Held-to-maturity securities	10,665,269,676	5,829,772,441
	131,107,789,015	134,268,702,426
Interest and similar expenses for:		
Interbank transactions	(7,007,093,593)	(23,633,376,484)
Customer deposits	(46,321,870,413)	(43,522,987,705)
	(53,328,964,006)	(67,156,364,189)
Net interest and similar income	77,778,825,009	67,112,338,237

4. NET FEES AND COMMISSION INCOME

	2025 LAK	2024 LAK
Fees and commission income from:		
Settlement activities	6,877,326,065	13,501,780,791
Other fees and commissions	580,167	731,732
	6,877,906,232	13,502,512,523
Fees and commission expenses for:		
Trade finance and settlement activities	(307,187,896)	(228,385,976)
	(307,187,896)	(228,385,976)
Net fees and commission income	6,570,718,336	13,274,126,547

5. NET GAIN FROM DEALING IN FOREIGN CURRENCIES

	2025 LAK	2024 LAK
Gain from dealing in foreign currencies	85,774,023,111	49,478,760,985
Loss from dealing in foreign currencies	(52,846,995,531)	(33,855,596,521)
	32,927,027,580	15,623,164,464

6. OTHER OPERATING INCOME

	2025 LAK	2024 LAK
Recovery of bad debts written off	800,000,000	1,486,577,247
Reversal of provision for performing loans (Note 14.2)	442,170,537	2,631,932,350
Others	714,224,327	4,138,500,379
	1,956,394,864	8,257,009,976

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

7. PAYROLL AND OTHER STAFF COSTS

	2025 LAK	2024 LAK
Wages and allowances	28,474,011,562	25,421,548,627
Other staff costs	1,286,859,898	1,282,466,746
	29,760,871,460	26,704,015,373

8. OTHER ADMINISTRATION EXPENSES

	2025 LAK	2024 LAK
Repair and maintenance fee	4,633,244,631	4,759,794,189
Rental fee	2,384,346,662	1,645,538,578
Insurance fee	1,619,568,079	1,359,329,050
Business trip expenses	1,541,553,736	1,528,476,249
External services expenses	1,487,637,354	1,479,807,992
Electricity and water	1,422,347,552	1,136,056,745
Audit fee	556,772,921	561,587,926
Expenses on travels and guest welcoming	382,473,266	159,939,739
Other equipment	355,384,189	107,588,390
Telecommunication	342,605,706	344,514,959
Others	4,730,008,860	4,259,818,005
	19,455,942,956	17,342,451,822

9. OTHER OPERATING EXPENSES

	2025 LAK	2024 LAK
Provision for performing loan charged during the year (Note 14.2)	968,468,497	2,324,542,029
Depositor Protection Fund expense	1,701,940,696	1,579,496,557
	2,670,409,193	3,904,038,586

10. CASH ON HAND

	31/12/2025 LAK	31/12/2024 LAK
Cash on hand in LAK	4,918,042,000	6,052,633,500
Cash on hand in foreign currencies	75,661,682,007	65,971,894,187
	80,579,724,007	72,024,527,687

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

11. BALANCES WITH THE BOL

	31/12/2025 LAK	31/12/2024 LAK'
Demand deposits	184,903,584,389	195,385,513,732
Compulsory reserve (*)	187,031,625,773	148,034,005,094
Registered capital reserve (**)	5,000,000	5,000,000
	371,940,210,162	343,424,518,826

Balances with the BOL include demand deposit, compulsory reserve and registered capital reserve. 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 (2024: 8.00% and 11.00% respectively), on a bi-monthly basis, of customer deposits having original maturities of less than 12 months. During the year ended 31 December 2025, the Bank maintained its compulsory deposits in compliance with the requirements by the BOL.

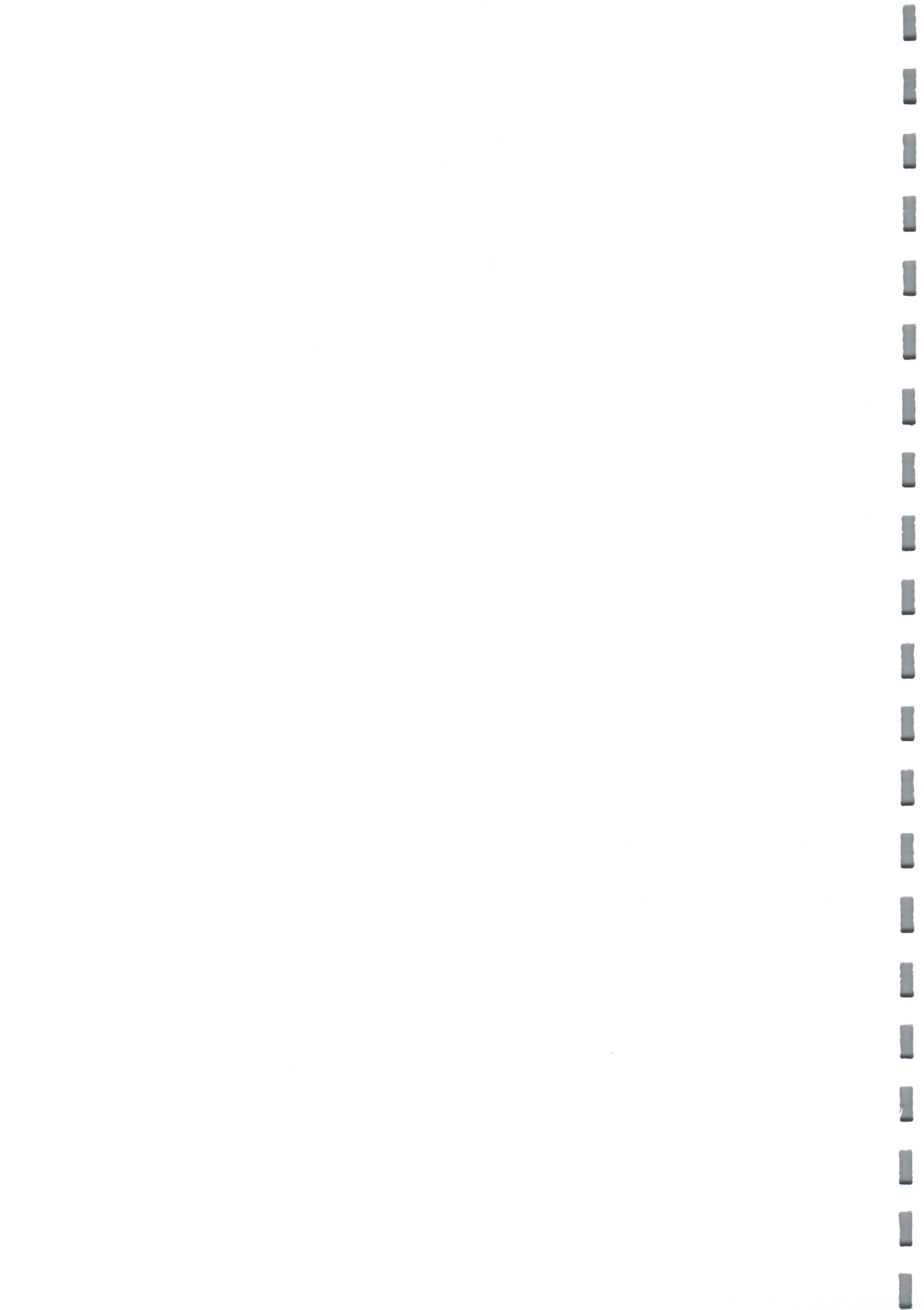
(**) According to Decision No. 721/BOL dated 22 September 2022, which was effective from 22 September 2022, commercial banks are required to maintain a positive balance at the BOL in the term form of special deposit. The Bank was then approved by the BOL in Official Letter No.427/BSO dated 23 July 2024 to withdraw from this deposit account to supplement its working capital.

12. DUE FROM OTHER BANKS

	31/12/2025 LAK	31/12/2024 LAK
Demand, saving deposits at other banks		
Domestic banks		
- Demand deposits	242,251,505,453	322,005,826,301
- Saving deposits	312,078,241	48,180,685
Foreign banks		
- Demand deposits	37,001,895,904	96,225,480,296
- Saving deposits	11,163,189,616	6,493,710,816
	290,728,669,214	424,773,198,098
Term deposits at other banks		
Domestic banks	533,312,500,000	274,320,000,000
Foreign banks	193,535,100,000	234,720,000,000
	726,847,600,000	509,040,000,000
	1,017,576,269,214	933,813,198,098

The term and interest rates of term deposits at other banks as at 31 December 2025:

	Interest rate (% per annum)	Term
Term deposits at domestic banks		
Term deposits in LAK	9.30 - 12.10	1 - 12 months
Term deposits in foreign currencies	2.10 - 5.00	14 - 180 days
Term deposit at foreign bank		
Term deposits in foreign currencies	1.35 - 3.80	11 - 180 days



Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

12. DUE FROM OTHER BANKS (continued)

The term and interest rates of term deposits at other banks as at 31 December 2024:

	<i>Interest rate (% per annum)</i>	<i>Term</i>
Term deposits at domestic banks		
Term deposits in LAK	7.00 - 12.50	1 - 36 months
Term deposits in foreign currencies	1.90 - 5.50	3 months
Term deposit at foreign bank		
Term deposits in foreign currencies	1.83 - 4.75	1 - 12 months

13. INVESTMENT IN SECURITIES

	<i>31/12/2025 LAK</i>	<i>31/12/2024 LAK</i>
Bonds issued by Ministry of Finance	50,675,000,000	25,000,000,000
Bonds issued by the BOL	320,800,000,000	88,000,000,000
	371,475,000,000	113,000,000,000

Interest rates of bonds as at 31 December 2025 and 31 December 2024 are:

	<i>Interest rate (% per annum)</i>	
	<i>31/12/2025</i>	<i>31/12/2024</i>
Bonds issued by Ministry of Finance	5.00 - 5.80	5.80
Bonds issued by the BOL	8.45 - 9.50	10.50

The terms of bonds as at 31 December 2025 and 31 December 2024 are:

	<i>Term</i>	
	<i>31/12/2025</i>	<i>31/12/2024</i>
Bonds issued by Ministry of Finance	1 year	1 year
Bonds issued by the BOL	7 - 182 days	7 days

14. LOANS TO CUSTOMERS, NET OF SPECIFIC PROVISION FOR CREDIT ACTIVITIES

	<i>31/12/2025 LAK</i>	<i>31/12/2024 LAK</i>
Loans to customers	1,262,481,775,020	1,181,015,878,836
Less specific provision for credit activities (Note 14.2)	(9,480,908,239)	(9,921,211,666)
<i>In which:</i>		
Special mention loans	(9,480,908,239)	(9,921,211,666)
Non-performing loans	-	-
	1,253,000,866,781	1,171,094,667,170

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

14. LOANS TO CUSTOMERS, NET OF SPECIFIC PROVISION FOR CREDIT ACTIVITIES (continued)

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

	2025 % per annum	2024 % per annum
Loans denominated in LAK	5.50 - 13.00	5.50 - 14.00
Loans denominated in USD	1.50 - 9.50	4.00 - 11.00
Loans denominated in CNY	4.00 - 10.00	4.00 - 10.00

14.1 Analysis of loans to customers

Analysis by currency

	31/12/2025 LAK	31/12/2024 LAK
Loans denominated in LAK	153,657,172,645	250,141,534,590
Loans denominated in USD	854,759,952,000	744,120,000,000
Loans denominated in CNY	254,064,650,375	186,754,344,246
	<u>1,262,481,775,020</u>	<u>1,181,015,878,836</u>

Analysis by quality of loans

	31/12/2025 LAK	31/12/2024 LAK
Normal or Pass	946,451,500,379	850,308,823,288
Watch or Special Mention	316,030,274,641	330,707,055,548
Substandard	-	-
Doubtful	-	-
Loss	-	-
	<u>1,262,481,775,020</u>	<u>1,181,015,878,836</u>

Analysis by original term

	31/12/2025 LAK	31/12/2024 LAK
Short-term loans	342,864,000,000	500,928,000,000
Medium-term loans	831,546,375,020	680,087,878,836
Long-term loans	88,071,400,000	-
	<u>1,262,481,775,020</u>	<u>1,181,015,878,836</u>

Analysis by industrial sectors

	31/12/2025 LAK	31/12/2024 LAK
Construction	333,690,200,000	462,848,200,000
Commercial	396,560,400,000	454,703,505,819
Industrial	654,707,959	19,396,588,417
Agricultural & forestry	381,004,102,000	216,941,000,000
Others	150,572,365,061	27,126,584,600
	<u>1,262,481,775,020</u>	<u>1,181,015,878,836</u>

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

14. LOANS TO CUSTOMERS, NET OF SPECIFIC PROVISION FOR CREDIT ACTIVITIES (continued)

14.2 Provision for credit losses

Changes in provision for credit losses of the Bank during the year ended 31 December 2025 is as follows:

	Specific provision		General provision		Total LAK
	NPL LAK	Special mention LAK	Normal LAK	LAK	
Balance as at 1 January 2025	-	9,921,211,666	8,503,088,240		18,424,299,906
Provision charged/(reversed) during the year	-	(442,170,537)	968,468,497		526,297,960
Foreign exchange difference	-	1,867,110	(7,041,727)		(5,174,617)
Balance as at 31 December 2025	-	9,480,908,239	9,464,515,010		18,945,423,249

The breakdown of loan classification and provision as required by the BOL as at 31 December 2025 are as follows:

Classification	Loan balance LAK	Specific provision		General provision		Total provision LAK
		NPL LAK	Special mention LAK	Normal LAK	LAK	
Performing loan	1,262,481,775,020	-	9,480,908,239	9,464,515,010		18,945,423,249
- Normal or Pass	946,451,500,379	-	-	9,464,515,010		9,464,515,010
- Watch or Special Mention	316,030,274,641	-	9,480,908,239	-		9,480,908,239
Non-performing loans	-	-	-	-		-
- Sub-standard	-	-	-	-		-
- Doubtful	-	-	-	-		-
- Loss	-	-	-	-		-
Total	1,262,481,775,020	-	9,480,908,239	9,464,515,010		18,945,423,249

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

15. PROPERTY, EQUIPMENT AND RIGHT OF USE ASSETS

15.1 Fixed asset under purchasing or constructing

Movements of Fixed asset under purchasing or constructing for the year ended 31 December 2025 are as follows:

	Office equipment LAK	Building improvements LAK	Computer software LAK	Total LAK
Cost				
As at 1 January 2025	3,625,260,244	-	21,150,837,000	24,776,097,244
Additions	8,361,682,169	1,634,625,592	30,176,834,216	40,173,141,977
Transfer to tangible fixed assets	(11,023,415,547)	-	-	(11,023,415,547)
Transfer to intangible assets	(963,526,866)	-	-	(963,526,866)
As at 31 December 2025	-	1,634,625,592	51,327,671,216	52,962,296,808

Movements of Fixed asset under purchasing or constructing for the year ended 31 December 2024 are as follows:

	Office equipment LAK	Building improvements LAK	Computer software LAK	Total LAK
Cost				
As at 1 January 2024	-	-	-	-
Additions	3,625,260,244	-	21,150,837,000	24,776,097,244
As at 31 December 2024	3,625,260,244	-	21,150,837,000	24,776,097,244

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

15. PROPERTY, EQUIPMENT AND RIGHT OF USE ASSETS (continued)

15.2 Tangible fixed assets

Movements of tangible fixed assets for the year ended 31 December 2025 are as follows:

	Building improvements LAK	Office equipment LAK	Motor vehicles LAK	Furniture & fixtures LAK	Total LAK
Cost:					
As at 1 January 2025	63,610,196,161	23,319,063,989	1,386,780,026	2,006,561,600	90,322,601,776
Additions	-	533,324,584	-	-	533,324,584
Transfer from construction in progress	-	11,023,415,547	-	-	11,023,415,547
As at 31 December 2025	63,610,196,161	34,875,804,120	1,386,780,026	2,006,561,600	101,879,341,907
As at 1 January 2025	21,312,163,563	18,093,622,472	1,386,780,026	1,776,030,252	42,568,596,313
Charged for the year	3,194,501,242	2,594,211,756	-	76,954,510	5,865,667,508
As at 31 December 2025	24,506,664,805	20,687,834,228	1,386,780,026	1,852,984,762	48,434,263,821
Net book value:					
As at 1 January 2025	42,298,032,598	5,225,441,517	-	230,531,348	47,754,005,463
As at 31 December 2025	39,103,531,356	14,187,969,892	-	153,576,838	53,445,078,086

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

15. PROPERTY, EQUIPMENT AND RIGHT OF USE ASSETS (continued)

15.2 Tangible fixed assets (continued)

Movements of tangible fixed assets for the year ended 31 December 2024 are as follows:

	Building improvements LAK	Office equipment LAK	Motor vehicles LAK	Furniture & fixtures LAK	Total LAK
Cost:					
As at 1 January 2024	102,068,912,643	22,983,228,054	1,386,780,026	2,235,172,123	128,674,092,846
Additions	-	1,065,502,609	-	27,640,796	1,093,143,405
Reclassify from intangible asset	106,292,000	-	-	-	106,292,000
Reclassify to Right of use asset	(21,588,116,212)	-	-	-	(21,588,116,212)
Disposal	-	-	-	(17,640,942)	(17,640,942)
Write-off	(16,976,892,270)	(729,666,674)	-	(238,610,377)	(17,945,169,321)
As at 31 December 2024	63,610,196,161	23,319,063,989	1,386,780,026	2,006,561,600	90,322,601,776
Accumulated depreciation:					
As at 1 January 2024	41,167,240,144	17,079,274,246	1,386,780,026	1,998,627,006	61,631,921,422
Charged for the year	3,328,775,877	1,744,014,900	-	33,654,565	5,106,445,342
Reclassify to Right of use asset	(6,206,960,188)	-	-	-	(6,206,960,188)
Disposal	-	-	-	(17,640,942)	(17,640,942)
Write-off	(16,976,892,270)	(729,666,674)	-	(238,610,377)	(17,945,169,321)
As at 31 December 2024	21,312,163,563	18,093,622,472	1,386,780,026	1,776,030,252	42,568,596,313
Net book value:					
As at 1 January 2024	60,901,672,499	5,903,953,808	-	236,545,117	67,042,171,424
As at 31 December 2024	42,298,032,598	5,225,441,517	-	230,531,348	47,754,005,463

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

15. PROPERTY, EQUIPMENT AND RIGHT OF USE ASSETS (continued)

15.3 Right of use asset

Movements of the balance of right of use assets for the year 2025 are as follows:

	<i>Land and building</i> <i>LAK</i>
Cost:	
As at 1 January 2025	27,519,881,426
Additions	866,103,051
As at 31 December 2025	<u>28,385,984,477</u>
Accumulated amortization:	
As at 1 January 2025	8,079,317,493
Charge for the year	1,008,244,736
As at 31 December 2025	<u>9,087,562,229</u>
Net book value:	
As at 1 January 2025	<u>19,440,563,933</u>
As at 31 December 2025	<u>19,298,422,248</u>

Set out below are the carrying amounts of lease liabilities and the movements for the year ended 31 December 2024 and 31 December 2025:

	2025 <i>LAK</i>	2024 <i>LAK</i>
As at 1 January	4,431,236,701	1,270,386,878
Additions	866,103,051	3,876,532,834
Accretion of interest	155,540,264	115,255,475
Payment	(1,192,479,860)	(771,249,600)
Exchange differences	(21,676,380)	(59,688,886)
As at 31 December	<u>4,238,723,776</u>	<u>4,431,236,701</u>

16. ACCRUED INTEREST RECEIVABLES

	31/12/2025 <i>LAK</i>	31/12/2024 <i>LAK</i>
Accrued interest receivables from:		
Due from banks	9,337,091,593	7,543,836,860
Loans to customers	2,510,737,252	2,894,069,460
Securities investment	1,890,544,446	577,422,338
	<u>13,738,373,291</u>	<u>11,015,328,658</u>

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

17. OTHER ASSETS

	31/12/2025 LAK	31/12/2024 LAK
Prepaid expenses	776,188,895	1,925,045,359
Others	1,238,616,826	1,213,925,200
	2,014,805,721	3,138,970,559

18. DUE TO OTHER BANKS

	31/12/2025 LAK	31/12/2024 LAK
Demand deposits	92,537,550,000	32,148,094,014
Domestic banks and financial institutions	92,537,550,000	32,148,094,014
Term deposits	42,858,000,000	118,800,000,000
Domestic banks and financial institutions	42,858,000,000	118,800,000,000
Borrowings	76,298,981,810	100,663,981,810
Bank of Lao PDR	56,345,000,000	84,710,000,000
Department of Small and Medium Enterprise Promotion	19,953,981,810	15,953,981,810
	211,694,531,810	251,612,075,824

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

	2025 <i>Interest rate</i> <i>% per annum</i>	2024 <i>Interest rate</i> <i>% per annum</i>
Demand deposits	No interest	No interest
Term deposits	2.00 – 4.60	3.00 – 4.60

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

18. DUE TO OTHER BANKS (continued)

Borrowings from the BOL as at 31 December 2025 include:

Contract No	Contract date	Credit limit	Outstanding balance (LAK)	Interest rate	Drawdown date	Maturity date	Principle payment schedule	Interest payment schedule	Purpose
2298/SD	13 August 2020	47,000,000,000	11,160,000,000	3.00%	19 October 2020 14 September 2020	13 August 2026 13 August 2026	Paid three (3) times by first repayment of 30% principle in 2024, second repayment of 30% principle in 2025 and third repayment of 40% principle in 2026. Paid three (3) times by first repayment of 30% principle in 2025, second repayment of 30% principle in 2026 and third repayment of 40% principle in 2027.	Paid twice per year in June and December	Providing credit to small and medium corporates who got effected from COVID-19 according to the BOL regulation No.318/BOL dated 19 May 2020
97/SD	13 January 2021	43,000,000,000	30,100,000,000	3.00%	14 January 2025	13 January 2027	Paid three (3) times by first repayment of 30% principle in 2025, second repayment of 30% principle in 2026 and third repayment of 40% principle in 2027.		
1147/SD	30 March 2021	18,750,000,000	1,750,000,000 3,375,000,000	3.00%	02 August 2021 03 November 2021 28 March 2025	30 March 2027 30 March 2027 30 March 2027	Paid three (3) times by first repayment of 30% principle in 2025, second repayment of 30% principle in 2026 and third repayment of 40% principle in 2027.		
			56,345,000,000						

Borrowings from the Department of Small and Medium Enterprise Promotion as at 31 December 2025 include:

Contract No	Contract date	Credit limit	Outstanding balance (LAK)	Interest rate	Drawdown date	Maturity date	Principle payment schedule	Interest payment schedule	Purpose
SME		3,760,000,000	3,760,000,000	2.50%	18 October 2022	14 July 2031	At maturity date	Paid twice per year in April and October.	Providing credit to small and medium enterprises
AZF		3,793,981,810	3,793,981,810	2.50%	18 October 2022	14 July 2031			
ESR	14 July 2021	4,000,000,000	4,000,000,000	2.50%	25 July 2023	14 July 2031			
		4,400,000,000	4,400,000,000	6.80%	9 September 2024	14 July 2031			
		4,000,000,000	4,000,000,000	6.80%	02 October 2025	14 July 2031			
			19,953,981,810						

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

19. DUE TO CUSTOMERS

Details of amounts due to customers as at 31 December 2025 are as follows:

	31/12/2025 LAK	31/12/2024 LAK
Demand deposits	861,888,582,691	720,225,215,838
Demand deposits in LAK	89,775,335,198	90,425,880,826
Demand deposits in foreign currencies	772,113,247,493	629,799,335,012
Daily deposits	1,488,500,321	1,172,953,500
Daily deposits in LAK	401,000,000	-
Daily deposits in foreign currencies	1,087,500,321	1,172,953,500
Saving deposits	381,612,306,998	138,879,548,164
Saving deposits in LAK	20,583,353,566	13,971,269,043
Saving deposits in foreign currencies	361,028,953,432	124,908,279,121
Term deposits	1,054,014,932,361	936,836,633,807
Term deposits in LAK	306,377,098,114	79,166,936,645
Term deposits in foreign currencies	747,637,834,247	857,669,697,162
Margin deposits	-	4,320,000,000
Margin deposits in LAK	-	-
Margin deposits in foreign currencies	-	4,320,000,000
	<u>2,299,004,322,371</u>	<u>1,801,434,351,309</u>

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

	2025 % per annum	2024 % per annum
Demand deposits in LAK	0.00 - 1.65	No interest
Demand deposits in foreign currencies	0.00 - 2.00	No interest
Daily deposits in LAK	0.00 - 1.65	0.80 - 1.00
Daily deposits in foreign currencies	0.00 - 2.00	0.30 - 0.85
Saving deposits in LAK	0.50 - 1.65	0.50 - 1.65
Saving deposits in foreign currencies	0.20 - 1.50	0.20 - 1.20
Term deposits in LAK	1.75 - 6.80	3.16 - 6.90
Term deposits in foreign currencies	1.30 - 7.10	0.60 - 7.00
Margin deposits in LAK	No interest	No interest
Margin deposits in foreign currencies	No interest	No interest

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

20. TAXATION

	31/12/2025 LAK	31/12/2024 LAK
Tax advance (prepaid profit tax of HQ)	(1,190,246,342)	(1,190,246,342)
Tax and other payable to the state budget	4,766,740,534	1,587,355,441
<i>Profit tax payable</i>	3,756,525,476	1,587,355,441
<i>Other tax payable</i>	1,010,215,058	-
	3,576,494,192	397,109,099

Profit tax ("PT")

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

Detail of taxation of the Bank as at 31 December 2025 are as below:

	2025 Head Office LAK	2025 Boten Branch LAK	2025 Total LAK
Profit before tax	(5,773,053,134)	66,180,999,918	60,407,946,784
Less non-taxable income	-	-	-
Add non-deductible expense	-	-	-
Utilized tax loss carried forward	-	-	-
Taxable income	(5,773,053,134)	66,180,999,918	60,407,946,784
Current PT expense, at the statutory rate of the bank (*)	-	6,618,099,992	6,618,099,992
PT payable/(recoverable) at the beginning of the year	(1,190,246,342)	1,587,355,441	397,109,099
PT paid during the year	-	(4,448,929,957)	(4,448,929,957)
PT payable/(recoverable) at the end of the year	(1,190,246,342)	3,756,525,476	2,566,279,134

Detail of taxation of the Bank as at 31 December 2024 are as below:

	2024 Head Office LAK	2024 Boten Branch LAK	2024 Total LAK
Profit before tax	15,434,312,905	34,930,634,110	50,364,947,015
Less non-taxable income	-	-	-
Add non-deductible expense	717,961,360	-	717,961,360
Utilized tax loss carried forward	(16,152,274,265)	-	(16,152,274,265)
Taxable income	-	34,930,634,110	34,930,634,110
Current PT expense, at the statutory rate of the bank (*)	-	3,493,063,411	3,493,063,411
PT payable/(recoverable) at the beginning of the year	(1,190,246,342)	330,362,495	(859,883,847)
PT paid during the year	-	(2,236,070,465)	(2,236,070,465)
PT payable/(recoverable) at the end of the year	(1,190,246,342)	1,587,355,441	397,109,099

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

20. TAXATION (continued)

Profit tax ("PT") (continued)

(*) Lao China Bank Co., Ltd – Head office is obliged to pay profit tax at rate of 20% (2024: 20%) on total profit before tax of the period in accordance with Tax Law No.67/NA for Head Office. Lao China Bank Co., Ltd - Boten Branch which is under special economic zone of Luangnamtha Province and under the Decree of special economic zone No. 073/PM dated 28 September 2015. Current profit tax rate of the Lao China Bank Co., Ltd - Boten Branch is 10% (2024: 10%).

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.

Tax losses carried forward

Under the current Tax Law, the Bank is entitled to carry each individual tax loss forward to offset against taxable profits arising within 5 years subsequent to the year in which the loss is incurred. Upon expiration of this period, any remaining losses may not be further carried forward to be deducted from profit. The detailed tax losses carried forward of Lao China Bank Co., Ltd – Head office as at 31 December 2025 were as follows:

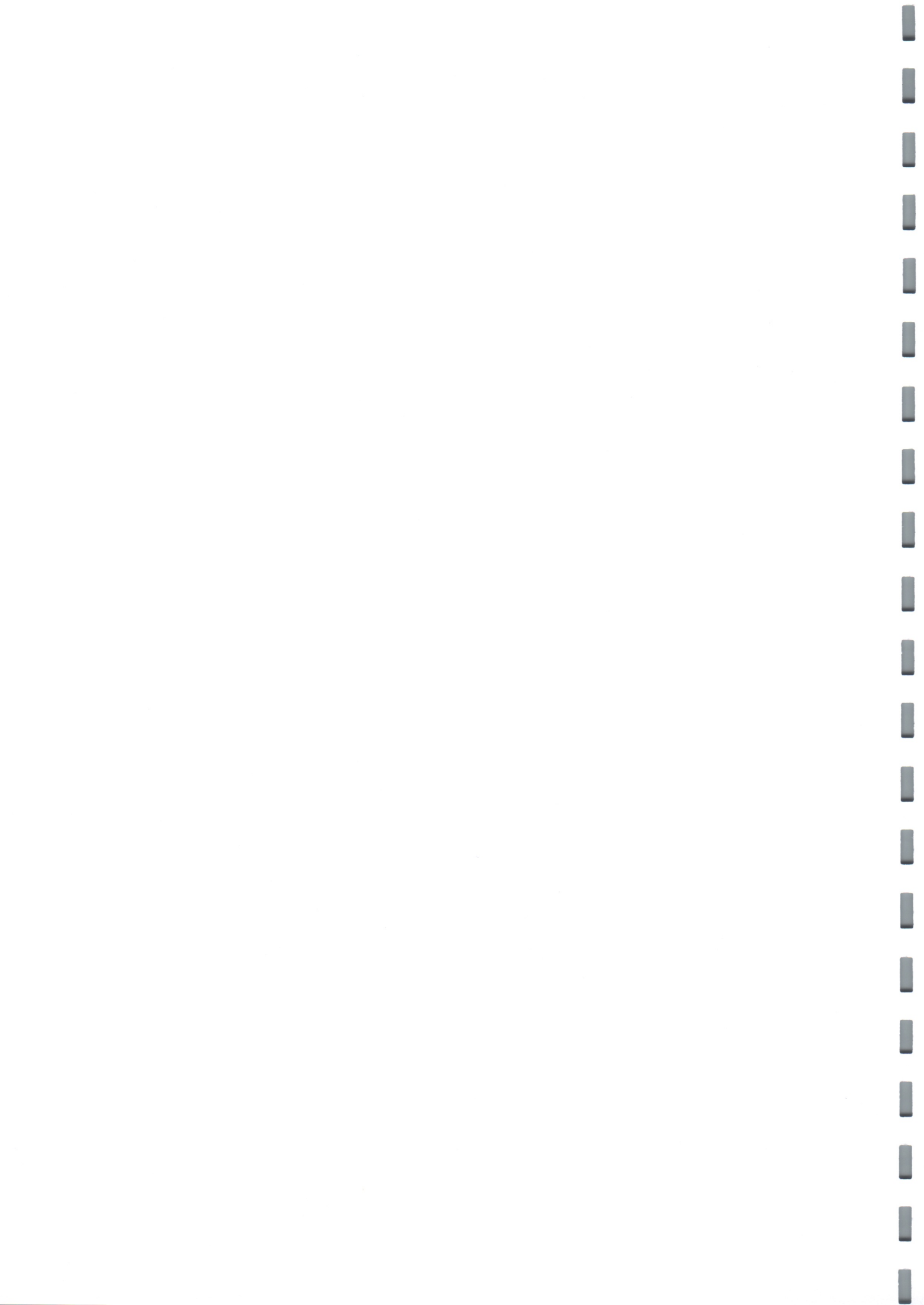
Year (*)	Can be utilised up to	Additional losses incurred for the year LAK	Utilized up to the end of the year LAK	Amount unused but is not eligible for next year's use LAK	Eligible unused tax loss at the end of the year (**) LAK
2020	2025	4,974,966,321	(4,974,966,321)	-	-
2021	2026	24,735,705,685	(12,220,468,930)	-	12,515,236,755
2022	2027	47,611,470,295	-	-	47,611,470,295
2025	2030	5,773,053,134	-	-	5,773,053,134
Total		83,095,195,435	(17,195,435,251)	-	65,899,760,184

(*) The Bank have been inspected financial statement of Head Office and finalised by the tax authority until 31 December 2021. Since the bank has loss for the year ended 31 December 2022 and 31 December 2025, financial statements of the Bank have not been inspected and finalised by the tax authority.

(**) No deferred tax assets were recognised in respect of the remaining LAK 65,899,760,184 because future taxable income cannot be ascertained at this stage .

21. OTHER PAYABLES

	31/12/2025 LAK	31/12/2024 LAK
Payable to suppliers	6,620,445,113	7,515,765,199
Payable to employees	1,439,985,520	2,420,088,849
Dividend payable	-	23,440,810,679
	8,060,430,633	33,376,664,727



Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

22. PAID-UP CAPITAL

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

	2025 LAK	2024 LAK
Opening balance	500,062,417,117	379,879,082,826
Capital contribution in the year	-	120,183,334,291
Closing balance	<u>500,062,417,117</u>	<u>500,062,417,117</u>

In accordance with Law on Commercial Banks No. 89/NA issued by the National Assembly on 17 July 2023 with the effective date on 15 September 2023, all commercial banks in Lao PDR are required to increase their charter capital to meet the minimum charter capital of LAK 1,000,000,000,000. According to Agreement on increasing of Registered Capital No. 45/PD dated 11 April 2025, all commercial banks and branches need to build the plan for increasing capital starting from 2 June 2025 and must full contribute capital within 10 years and at least 30% of additional capital contribution in the first 5 years. The Bank is in the process of getting plan approval from BOD and BOM on the timeframe of additional capital contribution, which is expected to be released within 2026.

23. CASH AND CASH EQUIVALENTS

	31/12/2025 LAK	31/12/2024 LAK
Cash on hand	80,579,724,007	72,024,527,687
Current accounts with the BOL	184,903,584,389	195,385,513,732
Current accounts with other banks	290,728,669,214	424,773,198,098
Term deposit at other banks due within 30 days	440,415,600,000	275,200,000,000
	<u>996,627,577,610</u>	<u>967,383,239,517</u>

24. RELATED PARTY TRANSACTIONS

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 parents, 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 Bank that is a related party of the Bank.

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

24. RELATED PARTY TRANSACTIONS (continued)

Balances with related parties as at 31 December 2025 and 31 December 2024 are as follows:

<i>Related party</i>	<i>Relationship</i>	<i>Transactions</i>	<i>31/12/2025</i> <i>Receivable/</i> <i>(payable)</i> <i>LAK</i>	<i>31/12/2024</i> <i>Receivable/</i> <i>(payable)</i> <i>LAK</i>
Banque Pour Le Commerce Exterieur Lao Public	Parent bank	Demand deposits at Parent bank	64,005,254,870	37,726,142,389
		Demand deposits due from Parent bank	(25,547,550,000)	(24,767,280,000)
Fudian Bank Co., Ltd	Parent bank	Demand deposits at Parent banks	4,251,589,706	76,667,723,942
Fudian Bank Co., Xishuangbanna mohan Branch	Fellow subsidiaries	Demand deposits at foreign banks	24,368,021,961	754,672,712
Banque Franco Lao Limited	Fellow subsidiaries	Demand deposits at domestic banks	315,977,131	569,965,399
		Saving deposits at domestic banks	312,078,241	48,180,685
Lao-Viet Bank Co., Ltd	Fellow subsidiaries	Term deposits at domestic banks	107,145,000,000	-

Significant transactions with related parties during the period were as follows:

<i>Related party</i>	<i>Relationship</i>	<i>Transactions</i>	<i>2025</i> <i>LAK</i>	<i>2024</i> <i>LAK</i>
Fudian Bank Co., Ltd	Parent bank	Interest income from demand deposit	147,497,723	150,109,154
Fudian Bank Co., Xishuangbanna mohan Branch	Fellow subsidiaries	Interest income from demand deposit	122,041,079	34,038,781
Banque Franco Lao Limited	Fellow subsidiaries	Interest income from demand and saving deposit	5,738,854	24,188,410
Lao-Viet Bank Co., Ltd	Fellow subsidiaries	Interest income from term deposit	628,613,262	-

Transactions with key management personnel of the Bank

Remuneration to members of the Management is as follows:

	<i>2025</i> <i>LAK</i>	<i>2024</i> <i>LAK</i>
Salaries	2,093,126,366	3,300,931,557
Bonus and other benefits	1,286,214,680	1,099,548,071
	3,379,341,046	4,400,479,628

Lao China Bank Co., Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2025

25. EVENTS AFTER THE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since 31 December 2025 that requires adjustment or disclosure to be made in the financial statements of the Bank.

Prepared by:



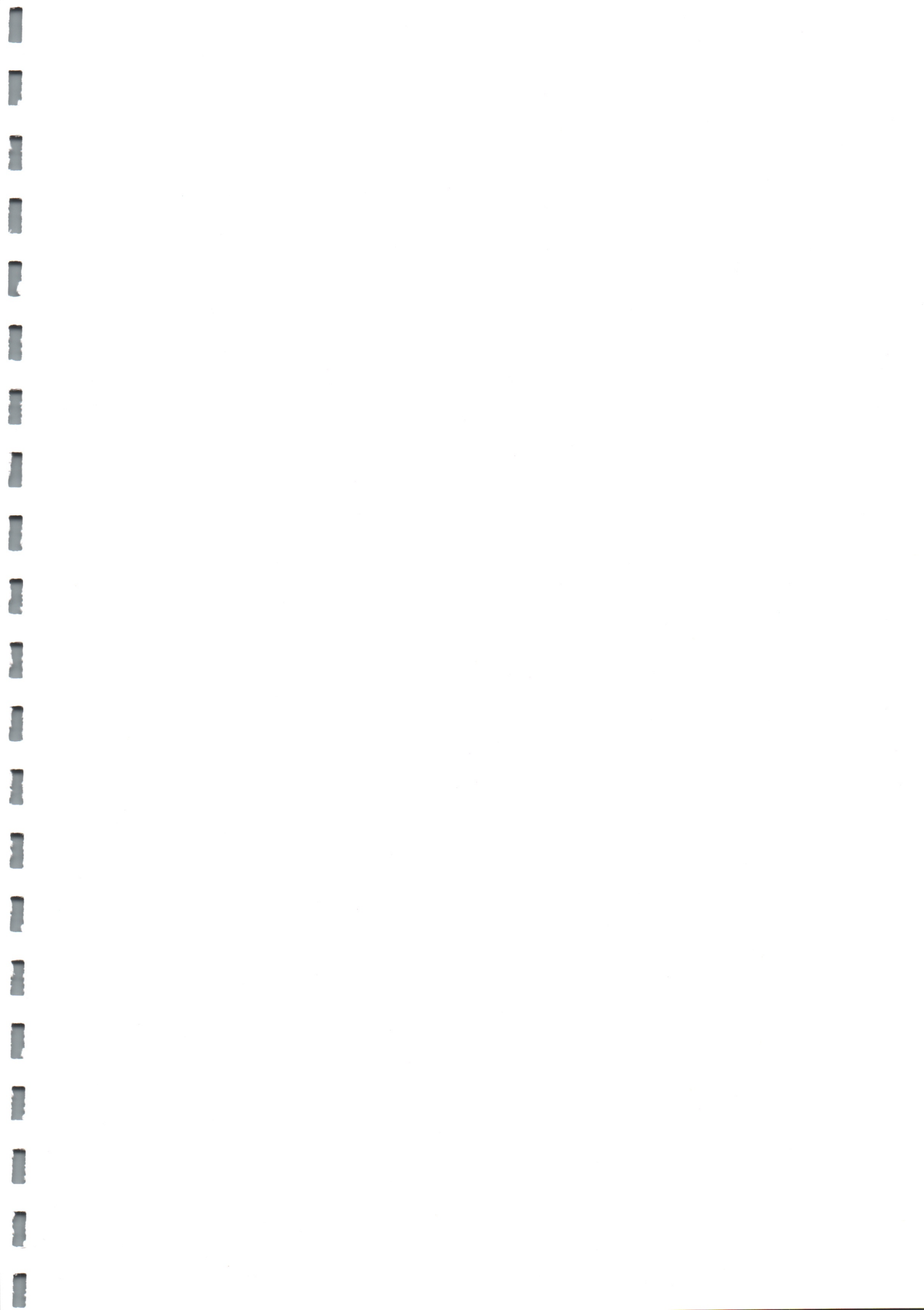
Mr. Phoulaxavong Soulya
Deputy Head of Accounting and
Finance Department

Vientiane, Lao PDR

31 March 2026



Mr. WAN ZHITENG
General Director



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