

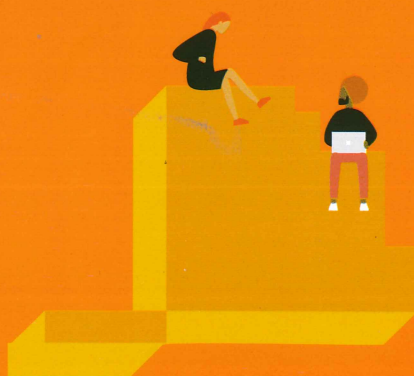
RHB BANK LAO SOLE CO., LTD



FINANCIAL STATEMENTS

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

31 DECEMBER 2024



RHB BANK LAO SOLE CO., LTD

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**STATEMENT BY THE BOARD OF DIRECTORS
31 DECEMBER 2024**

BOARD OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors (the BOD) of RHB Bank Lao Sole Co., Ltd (the Bank) are responsible for ensuring that the financial statements, present fairly, in all material respects, the financial position of the Bank as at 31 December 2024 and of its financial performance, statement of changes in equity and its cash flows for the year then ended in accordance with accounting policies of the Bank and the relevant accounting regulations and notifications of Bank of the Lao People's Democratic Republic (BOL) described in Note 2 to the financial statements. In preparing these financial statements, the BOD is required to:

- i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- ii) comply in accordance with accounting policies of the Bank and the relevant accounting regulations and notifications of BOL described in Note 2 to the financial statements and ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- iii) maintain adequate accounting records and an effective system of internal controls;
- iv) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Bank will continue operations for the foreseeable future; and
- v) effectively control and direct the Bank and be involved in all material decisions affecting the operations and performance of the Bank, and ascertain that such decisions have been properly reflected in the financial statements.

The BOD confirms that the Bank has complied with the above requirements in preparing the financial statements as at and for the year ended 31 December 2024.

STATEMENT BY THE BOARD OF DIRECTORS ON THE FINANCIAL STATEMENTS

We do hereby state that the accompanying financial statements, present fairly, in all material respects, the financial position of the Bank as at 31 December 2024 and its financial performance, statement of changes in equity and its cash flows for the year then ended and have been properly drawn up in accordance with accounting policies of the Bank and the relevant accounting regulations and notifications of BOL described in Note 2 to the financial statements.

For and on behalf of the Board of Directors



Choong Seang Heng
Chief Executive Officer

Date: 28 March 2025



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF RHB BANK LAO SOLE CO., LTD.

Opinion

In our opinion, the financial statements of RHB Bank Lao Sole Co., Ltd (the Bank) for the year ended 31 December 2024 are prepared, in all material respects, in accordance with the relevant accounting regulations and notifications of Bank of the Lao People's Democratic Republic and accounting policies as described in Note 2 to the financial statements.

What we have audited

The Bank's financial statements comprise:

- the statement of financial position as at 31 December 2024;
- the statement of income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of Matter - Basis of accounting and restriction on distribution and use

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with accounting policies described in Note 2 to the financial statements. As a result, the financial statements may not be suitable for another purpose.

Our report is intended solely for the Bank and should not be distributed to or used by parties other than the Bank. Our opinion is not modified in respect of this matter.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements in accordance with the relevant accounting regulations and notifications of Bank of Lao People's Democratic Republic and accounting policies described in Note 2 to the financial statements, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

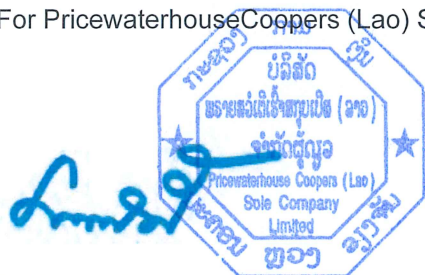
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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.

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

For PricewaterhouseCoopers (Lao) Sole Company Limited



By Sinsiri Thangsombat
Partner

Vientiane Capital, Lao P.D.R.
Date: 28 March 2025

RHB BANK LAO SOLE CO., LTD

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 LAK	2023 LAK
ASSETS			
Cash and balances with central bank	4	830,042,715,509	794,997,751,116
Deposits and placement with other banks	5	50,902,497,654	46,816,685,987
Loans and advances to customers	7	383,845,395,587	407,750,658,663
Right-of-use assets	8	3,654,468,411	4,739,533,040
Property and equipment	9	14,744,789,084	17,140,497,574
Intangible assets	10	5,578,918,702	5,624,282,885
Other assets	11	21,830,882,061	19,944,696,586
TOTAL ASSETS		1,310,599,667,008	1,297,014,105,851
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	12	73,359,342,845	102,419,969,277
Amount due to parent company	13	684,387,210,916	641,613,010,233
Other liabilities	14	23,277,137,979	19,581,103,203
Income tax payable	24	-	758,235,421
Lease liabilities	15	11,109,064,597	13,221,408,372
TOTAL LIABILITIES		792,132,756,337	777,593,726,506
EQUITY			
Paid-up capital	16	500,000,062,500	500,000,062,500
Legal reserve	17	2,130,187,655	2,130,187,655
Capital contribution by holding company	18	71,002,226	-
Retained earnings		16,265,658,290	17,290,129,190
TOTAL EQUITY		518,466,910,671	519,420,379,345
TOTAL EQUITY AND LIABILITIES		1,310,599,667,008	1,297,014,105,851



Choong Seang Heng
Chief Executive Officer

Date: 28 March 2025

The accompanying notes on pages 8 to 31 form an integral part of these financial statements.
Independent auditor's report – pages 2 to 3.

RHB BANK LAO SOLE CO., LTD

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 LAK	2023 LAK
Interest income	19	74,339,080,653	73,858,909,366
Interest expense	19	(32,930,459,169)	(33,883,851,395)
NET INTEREST INCOME	19	41,408,621,484	39,975,057,971
Net provision writeback for credit losses on loans and advances	23	1,546,727,493	18,360,179,601
NET INTEREST INCOME AFTER LOANS AND ADVANCES IMPAIRMENT WRITEBACK		42,955,348,977	58,335,237,572
Fee and commission income	20	1,027,440,813	1,755,815,872
Fee and commission expense	20	(938,066,898)	(448,326,355)
NET FEE AND COMMISSION INCOME	20	89,373,915	1,307,489,517
Property and equipment written off		(53,324,472)	(148,959,364)
Foreign exchange gain, net		5,697,807,338	8,976,867,121
Payroll and other staff costs	21	(28,674,271,491)	(27,587,134,080)
General and administrative expenses	22	(13,062,083,096)	(10,751,802,687)
Depreciation and amortisation charges	8,9,10	(7,977,322,071)	(7,786,787,375)
TOTAL EXPENSES		(44,069,193,792)	(37,297,816,385)
(LOSS)/PROFIT BEFORE TAX		(1,024,470,900)	22,344,910,704
Income tax expense	24	-	(758,235,421)
NET (LOSS)/PROFIT FOR THE YEAR		(1,024,470,900)	21,586,675,283



Choong Seang Heng
Chief Executive Officer

Date: 28 March 2025

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Independent auditor's report – pages 2 to 3.

RHB BANK LAO SOLE CO., LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

Notes	Paid-up capital LAK	Legal reserve LAK	Capital contribution by holding company LAK	Retained earnings/(deficits) LAK	Total LAK
As at 1 January 2023	460,300,050,000	2,130,187,655	-	(4,296,546,093)	458,133,691,562
Additional paid-up capital	39,700,012,500	-	-	-	39,700,012,500
Net profit for the year	-	-	-	21,586,675,283	21,586,675,283
As at 31 December 2023	500,000,062,500	2,130,187,655	-	17,290,129,190	519,420,379,345
As at 1 January 2024	500,000,062,500	2,130,187,655	-	17,290,129,190	519,420,379,345
Share-based payment expenses	-	-	71,002,226	-	71,002,226
Net loss for the year	-	-	-	(1,024,470,900)	(1,024,470,900)
As at 31 December 2024	500,000,062,500	2,130,187,655	71,002,226	16,265,658,290	518,466,910,671



Choong Seang Heng
Chief Executive Officer

Date: 28 March 2025

The accompanying notes on pages 8 to 31 form an integral part of these financial statements.
Independent auditor's report – pages 2 to 3.

RHB BANK LAO SOLE CO., LTD

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Notes	2024 LAK	2023 LAK
OPERATING ACTIVITIES			
(Loss)/Profit before tax		(1,024,470,900)	22,344,910,704
Adjustments for:			
Provision (writeback)/made for credit losses on loans and advances	23	11,392,192,222	8,416,076,208
Depreciation of property and equipment	9	5,180,962,936	5,074,047,491
Amortisation of intangible assets	10	1,711,294,506	1,546,726,735
Amortisation of right-of-use assets	8	1,085,064,629	1,166,013,149
Property and equipment written off		53,324,472	148,959,364
Foreign exchange loss/(gain), net		36,234,402,250	(8,451,395,046)
Interest income	19	(74,339,080,653)	(73,858,909,366)
Interest expense	19	32,930,459,169	33,883,851,395
Shared-based payment expenses	21	71,002,226	-
Operating profit/(loss) before changes in operating assets and liabilities		13,295,150,857	(9,729,719,366)
Increase in statutory deposits with BOL	4	(36,888,420,239)	(52,855,184,405)
Decrease in deposits and placements with other banks	5	18,542,000,000	111,412,000,000
Decrease/(increase) in loans and advances to customers	7	12,488,997,151	(135,229,829,150)
Increase in other assets		(1,273,344,176)	(154,032,643)
(Decrease)/increase in deposits from customers	12	(29,060,626,432)	26,800,945,230
Increase in deposits from parent company		-	47,232,830,902
Increase/(decrease) in other liabilities		3,824,025,064	(726,400,170)
Cash used in operations		(19,072,217,775)	(13,249,389,602)
Interest received		73,726,239,354	71,919,622,325
Interest paid		(32,284,914,334)	(33,337,166,631)
Income tax paid		(758,235,421)	-
Net cash generated from operating activities		21,610,871,824	25,333,066,092
INVESTING ACTIVITIES			
Purchases of property and equipment		(2,838,578,918)	(2,415,513,042)
Purchases of intangible fixed assets		(1,665,930,323)	(737,232,702)
Net cash used in investing activities		(4,504,509,241)	(3,152,745,744)
FINANCING ACTIVITIES			
Payments for lease liabilities		(2,885,878,898)	(2,658,070,734)
Net cash used in financing activities		(2,885,878,898)	(2,658,070,734)
Net increase in cash and cash equivalents		14,220,483,685	19,522,249,614
Cash and cash equivalents, beginning	6	171,659,227,282	128,474,064,931
Effect of foreign exchange difference		6,563,872,136	23,662,912,737
Cash and cash equivalents, ending	6	192,443,583,103	171,659,227,282
Non-cash financing activity relating to capital injection	13, 16, 25(b)	-	39,700,012,500



Choong Seang Heng
Chief Executive Officer

Date: 28 March 2025

The accompanying notes on pages 8 to 31 form an integral part of these financial statements.
Independent auditor's report – pages 2 to 3.

**NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

1. GENERAL INFORMATION

RHB Bank Lao Sole Co., Ltd (the Bank) is a commercial bank incorporated and registered in Lao People's Democratic Republic (Lao P.D.R.).

The Bank is a limited company with 100% foreign investment under the laws of Lao P.D.R. The Bank operates its banking business under the Law on Commercial Bank No. 39/NA, dated 17 July 2023 and under the regulations of Bank of Lao P.D.R (BOL). The Bank had received its revised Banking License No.04/BOL dated 24 March 2021 (replaced Banking License No. 10/BOL dated 30 April 2014) and Enterprise Registration Certificate No.3071/ERA dated 19 August 2024 (replaced Enterprise Registration Certificate No.0628/ERA dated 19 April 2021).

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

The Bank is wholly owned by RHB Bank Berhad. As of December 2024, no additional capital injections were made. The Bank's registered capital amounted to LAK 500,000,062,500, comprising 49,751,250 issued shares at an issue price of LAK 10,050 per share.

The registered office of the Bank is at Unit No.1, House No. 008, Kaysone Phomvihane Road, Phonxay Village, Lao P.D.R.

The Bank's BOD has reviewed these financial statements and approved for their issuance on 27 March 2025.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

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

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

2.2 Measurement and presentation currency

The Bank maintains its records in Lao Kip (LAK) and presents its financial statements in LAK.

**NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Foreign currency transactions and translation

Monetary assets and liabilities denominated in currencies other than LAK at year end are translated into LAK at exchange rates ruling on the statement of the financial report date. Income and expenses arising in foreign currencies during the period are converted into LAK at rates ruling on the transaction dates. Gains and losses resulting from the settlement of such transactions and from the translation of such monetary assets and liabilities are recognised in the statement of income when earned and incurred.

2.4 Financial instruments

The Bank's significant financial assets and liabilities include cash and balances with central bank, deposits and placement with other banks, loans and advances, deposits from customers, amount due to parent company, other assets, other liabilities and lease liabilities. The accounting policies for the recognition and measurement of these items are disclosed in the respective accounting policies.

2.5 Recognition of interest income and expense

Interest income recognition

Interest income is recognised on an accrual basis and is recognised at the nominal interest rates stipulated in the loan contracts with clients except in relation to non-performing accounts.

As per BOL guideline no. 334/AD, dated 11 March 2019, where an account becomes non-performing, the recording of interest is suspended and interest income already recognised will be reversed. Interest income will be recognised if accrued interest on non-performing loans will be subsequently collected. Customer accounts are deemed to be non-performing where repayments are in arrears for more than three months or 89 days.

Interest expense

Interest expense on deposits from customers and banks are recognised on an accrual basis.

2.6 Recognition of fee and commission income

Fee and commission income from the various activities of the Bank is accrued using the following bases:

- Loan arrangement fees and commissions on services and facilities extended to customers are recognised on the occurrence of such transactions.
- Commitment fees and guarantees on services and facilities extended to customers are recognised as income over the period in which the services and facilities are extended.
- Service charges and processing fees are recognised when the service is provided.

2.7 Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and short-term deposits maturing within thirty (30) days.

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Loans and advances to customers

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

2.9 Provision for credit losses

In accordance with the regulation 512/BOL dated 29 June 2018, the Bank is required to classify loans and create a provision for impairment losses. Accordingly, loans are classified into performing loans or non-performing loans based on their payment arrears status and other qualitative factors. Loans classified as normal or pass (group A) and watch list or special mention (group B) are considered as performing loans. Loans classified as substandard (group C), doubtful (group D) and loss (group E) are considered as non-performing loans. The method of provision calculation mentions that banks can take into consideration the collateral value with a certain prescribed percentage indicated in the regulation to be deducted from the loan outstanding before applying the provision rates.

Provisions are categorised as general and specific based on the loan classification. Below is the summary of provision rates applicable for each loan classification as at the balance sheet date:

Group	Category	Number of days past due	Provision rate
Performing (general)			
A	Normal or pass	Within 29 days	0.5%
	Watch list or special		
B	mention	30 to 89 days	3%
Non-Performing (Specific)			
C	Substandard	90 to 179 days	20%
D	Doubtful	180 to 359 days	50%
E	Loss	From 360 days	100%

2.10 Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software licences are subsequently carried at cost less accumulated amortisation and impairment losses. These costs are amortised over the estimated useful life of 5 years.

2.11 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of income during the reporting period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Property and equipment (Continued)

Depreciation of property and equipment is provided for on a straight-line basis to write down the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Category	Depreciation rate
Buildings and improvements	5% or over the period of the lease
Office equipment	20%
Computer equipment	20% - 25%
Furniture and fixtures	20%
Motor vehicles	20%

Leasehold improvements are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. There are no material adjustments arising from the review that would require disclosure in the financial statements.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in statement of income. At the end of the reporting period, the Bank assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the asset is written down to its recoverable amount.

2.12 Regulatory reserves

Under the requirement of the Law on Commercial Bank No. 39/NA, dated 17 July 2023, commercial banks are required to appropriate net profit to regulatory reserve fund, business expansion fund, and other funds.

In accordance with (Revised) Enterprise Law No. 33/NA, dated 29 December 2022 Capital Adequacy, the regulatory reserve fund shall be provided annually at 10% from profit after tax after deducting its accumulated losses. When this regulatory reserve fund accumulates half of registered capital, the company may suspend the deduction, unless otherwise provided by Law of Limited Company.

2.13 Leases for lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date which the leased asset is available for use by the Bank. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments).

Lease payments to be made under reasonably certain extension options are also included in the measurement of liability.

The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be really determined, which is generally the case for leases in the Bank, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in income statement. Short-term leases are leases with a lease term of 12 months or less.

**NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Employee benefit

a) Short-term employee benefits

Wages, salaries paid, annual leave and sick leave and other leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Bank.

b) Share-based compensation

The fair value of the shares offered is recognised as an expense in the income statement over the vesting periods of the grant with a corresponding increase to capital contribution by holding company within equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of shares granted that are expected to vest. At each reporting date, the Bank will review and revise the estimates of the number of shares granted and shares that are expected to vest. The impact of the revision of the original estimate, if any, will be recognised in the income statement, with corresponding adjustment to capital contribution by holding company in equity.

c) Post-employment benefits

Post-employment benefits are paid to retired employees of the Bank by the National Social Security Fund Office which belongs to the Ministry of Labour 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 or of ceiling LAK4,500,000 in case employee's basic salary higher than ceiling rate. The Bank has no further significant obligation concerning post-employment benefits for the employees other than this.

d) Termination benefits

In accordance with Article 90 of the Amended Labour Law No. 43/NA, dated 24 December 2013, the Bank has the obligation to pay allowance for employees who are terminated by dismissal in the following cases:

- Compensation for the cancellation of employment contracts shall be 10% of the last salary or wage multiplied by the total number of months worked;
- For unjustified termination of employment contracts in accordance with the Article 88 of the Amended Labour law, compensation will be 15% of the last salary or wage multiplied by the total number of months worked; and
- Cancellation of employment contracts for reasons not specified in the Amended Labour Law, the Bank must implement compensation in accordance with the agreement between the Bank and the employee.

2.15 Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

**NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Tax

Provision is made for taxation on the current year's profits, based on the Tax Law governing taxation within Lao P.D.R. In accordance with the Law on Income Tax No.067/NA, dated 18 June 2019, the Bank is subject to 20% (2023: 20%) on total taxable profit, and profit taxes shall be paid every 20th of July of the year and every 20th January of the following year.

Tax losses incurred in any tax year can be carried forward to offset against profit realised in the following five tax years from the year loss was incurred subject to certification by the National Audit Authority or an independent audit company and with the acknowledgement of the tax authorities. Upon expiration of such period, any remaining loss not so deducted may no longer be deducted from profits.

2.17 Related parties

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

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

3. FINANCIAL RISK MANAGEMENT POLICIES

The guidelines and policies adopted by the Bank to manage the risks that arise in the conduct of its business activities are as follows:

3.1 Credit risk

Credit risk is the potential loss of revenue and principal in the form of specific provisions as a result of defaults by the borrowers or counterparties through its lending and investing activities. The primary exposure to credit risk arises through its loans and advances. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the statement of financial position. The lending activities are guided by the Bank's credit policy to ensure that the overall objectives in the area of lending are achieved i.e. that the loans portfolio is strong and healthy and credit risks are well diversified. The credit policy documents are the credit control and recovery manual, credit operations manual, and credit policy manual. Credit risk is the single largest risk for the Bank's business. Management therefore carefully manages its exposure to credit risk.

**NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

3. FINANCIAL RISK MANAGEMENT POLICIES (Continued)

3.2 Market risk

Market risk is the risk of loss arising from adverse movement in the level of market prices or rates, the two key components being foreign currency exchange risk and interest rate risk.

(i) Foreign currency exchange risk

Foreign currency exchange risk refers to the risk of adverse exchange rate movements on foreign currency exchange positions taken from time to time. The Bank maintains a policy of not exposing itself to large foreign exchange positions. Any foreign currency exchange open positions are monitored against the operating requirements, predetermined position limits and stop-loss limits.

(ii) Interest rate risk

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rate and shifts in the composition of the assets and liabilities. Interest rate risk is managed through close monitoring of returns on investment, market pricing and cost of funds. The potential reduction in net interest income from an unfavourable interest rate movement is monitored against the risk tolerance limits set.

3.3 Liquidity risk

Liquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost. The management of the Bank closely monitors all inflows and outflows and maturity gaps. Movements in loans and customers' deposits are monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as and when they fall due.

4. CASH AND BALANCES WITH CENTRAL BANK

	2024 LAK	2023 LAK
Cash on hand (Note 4.1)	22,791,658,130	21,982,714,794
Balances with central bank other than long term fixed deposit and mandatory reserve deposits (Note 4.2)	140,317,427,319	142,969,826,501
Included in cash and cash equivalents (Note 6)	163,109,085,449	164,952,541,295
Long term fixed deposit and mandatory reserve deposits with central bank (Note 4.3)	666,933,630,060	630,045,209,821
	830,042,715,509	794,997,751,116

4.1 Cash on hand

	2024 LAK	2023 LAK
Cash on hand – LAK	7,795,081,500	6,925,877,500
Cash on hand – foreign currencies	14,996,576,630	15,056,837,294
	22,791,658,130	21,982,714,794

**NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

4. CASH AND BALANCES WITH CENTRAL BANK (Continued)

4.2 Balances with central bank other than long term fixed deposit and mandatory reserve deposits

	2024 LAK	2023 LAK
Demand deposit	140,317,427,319	142,969,826,501

4.3 Long term fixed deposit and mandatory reserve deposits with central bank

	2024 LAK	2023 LAK
Compulsory reserve (i)	5,919,449,587	10,338,893,074
Statutory deposits (ii)	88,360,867	88,360,867
Long term fixed deposit (iii)	660,925,819,606	619,617,955,880
	666,933,630,060	630,045,209,821

(i) These are deposits maintained in BOL as per BOL regulations. The balance is adjusted and calculated at 8% (2023: 8%) of LAK and 11% (2023: 10%) of other foreign currencies, such as Thailand Baht (THB) and United States Dollar (USD), on the average balance of bank and customer deposits, such as savings accounts, current accounts and term deposits as of the year. These deposits do not earn interest.

(ii) The Bank maintains an additional statutory capital deposit with BOL. This deposit amount is considered as a guarantee for the operations. Per regulation No.01/BOL dated 28 January 2010, commercial banks and foreign branch which have permanent office, no longer needs to appropriate a reserve of 25% of the registered capital and the investment capital. This deposit does not earn interest.

(iii) Long term fixed deposits maintained with BOL earn interest at 6.50% (2023: 6.50%) per annum with a term of 3 (2023: 3) years.

5. DEPOSITS AND PLACEMENT WITH OTHER BANKS

Deposits and placement with other banks are analysed as follows:

	2024 LAK	2023 LAK
Deposits included in cash and cash equivalents	29,334,497,654	6,706,685,987
Placement with other banks	21,568,000,000	40,110,000,000
	50,902,497,654	46,816,685,987

a) Analysis by institution

	2024 LAK	2023 LAK
Balances with domestic banks		
Banque Pour Le Commerce Exterieur Lao – Vientiane Branch	16,406,050,345	1,365,601,783
	16,406,050,345	1,365,601,783
Balances with overseas banks		
RHB Bank Berhad – Thailand (Note 25)	10,454,628,983	2,372,371,672
JP Morgan - the United States of America	2,473,818,326	2,968,712,532
	12,928,447,309	5,341,084,204
Included in cash and cash equivalents (Note 6)	29,334,497,654	6,706,685,987

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

5. DEPOSITS AND PLACEMENT WITH OTHER BANKS (Continued)*a) Analysis by institution*

	2024 LAK	2023 LAK
Placement with domestic banks		
Acleda Bank Lao Ltd.	21,568,000,000	10,110,000,000
Military Commercial Joint Stock Bank – Lao Branch	-	10,000,000,000
VietinBank Lao Limited	-	20,000,000,000
	21,568,000,000	40,110,000,000

b) Analysis by currency

	2024 LAK	2023 LAK
Domestic banks		
LAK	11,015,665,711	30,487,853,899
USD	26,075,140,448	10,444,327,590
THB	883,244,186	543,420,294
	37,974,050,345	41,475,601,783
Overseas banks		
USD	2,473,818,326	2,968,712,532
THB (Note 25)	10,454,628,983	2,372,371,672
	12,928,447,309	5,341,084,204
	50,902,497,654	46,816,685,987

6. CASH AND CASH EQUIVALENTS

	2024 LAK	2023 LAK
Cash and balances with central bank (Note 4)	163,109,085,449	164,952,541,295
Deposits with other banks (Note 5)	29,334,497,654	6,706,685,987
	192,443,583,103	171,659,227,282

7. LOANS AND ADVANCES TO CUSTOMERS

	2024 LAK	2023 LAK
Loans and advances to customers	385,774,266,456	420,012,764,628
Provision	(1,928,870,869)	(12,262,105,965)
	383,845,395,587	407,750,658,663

**NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

7. LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers are analysed as follows:

a) Analysis by currency

	2024 LAK	2023 LAK
LAK	378,661,883,505	398,754,439,118
USD	7,112,382,951	21,258,325,510
	385,774,266,456	420,012,764,628

b) Analysis by status of loan

	2024 LAK	2023 LAK
Performing loans	385,774,266,456	395,166,145,427
Non-performing loans	-	24,846,619,201
	385,774,266,456	420,012,764,628

c) Analysis by classification of BOL

	2024 LAK	2023 LAK
Performing loans		
Normal Loans	385,774,266,456	393,828,308,009
Specific Mention Loans	-	1,337,837,418
Non-performing loans		
Substandard Loans	-	8,274,322,772
Doubtful Loans	-	15,948,661,956
Loss Loans	-	623,634,473
	385,774,266,456	420,012,764,628

d) Analysis by relationship

	2024 LAK	2023 LAK
Customers	385,774,266,456	420,012,764,628

e) Analysis by economic sector

	2024 LAK	2023 LAK
Service	273,974,360,129	248,783,352,245
Commercial	36,942,083,864	50,795,714,869
Agriculture	22,134,157,878	24,177,985,143
Industrial	14,611,686,499	23,115,846,527
Construction	4,857,852,529	11,636,106,371
Transport and telecommunication	1,527,158,975	17,257,219,094
Handicraft	858,992,148	893,876,106
Others	30,867,974,434	43,352,664,273
	385,774,266,456	420,012,764,628

**NOTES TO THE FINANCIAL STATEMENTS
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7. LOANS AND ADVANCES TO CUSTOMERS (Continued)

f) Analysis by resident status

	2024 LAK	2023 LAK
Resident	384,477,694,058	418,706,102,460
Non-resident	1,296,572,398	1,306,662,168
	385,774,266,456	420,012,764,628

g) Analysis by security

	2024 LAK	2023 LAK
Secured	385,774,266,456	420,012,764,628

The movement in the allowance for performing loans is as follows:

	2024 LAK	2023 LAK
General provision		
Beginning balance	2,009,276,034	1,469,620,246
Provision charged during the year	18,217,816,854	18,458,480,067
Reversal of provision during the year	(18,304,872,499)	(18,052,631,141)
Foreign exchange difference	6,650,480	133,806,862
At 31 December	1,928,870,869	2,009,276,034

The movement in the allowance for non-performing loans is as follows:

Specific provision		
Beginning balance	10,252,829,931	3,570,220,303
Provision charged during the year	26,121,432,933	25,715,684,811
Reversal of provision during the year	(14,642,185,066)	(17,705,457,529)
Utilisation for bad debt written off	(21,749,501,021)	(1,504,388,859)
Foreign exchange difference	17,423,223	176,771,205
At 31 December	-	10,252,829,931

The breakdown of as at 31 December 2024 is as follows:

	2024 LAK	2023 LAK
Performing loans (general)		
Normal	1,928,870,869	1,969,140,911
Special Mention	-	40,135,123
Non-performing Loans (specific)		
Sub Standard	-	1,654,864,477
Doubtful	-	7,974,330,981
Loss	-	623,634,473
At 31 December	1,928,870,869	12,262,105,965

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

8. RIGHT-OF-USE ASSETS

	2024 LAK	2023 LAK
Cost		
At 1 January	14,893,802,859	14,907,232,837
Adjustment (i)	-	(13,429,978)
At 31 December	14,893,802,859	14,893,802,859
Accumulated amortisation		
At 1 January	(10,154,269,819)	(8,988,256,670)
Charge for the year	(1,085,064,629)	(1,166,013,149)
At 31 December	(11,239,334,448)	(10,154,269,819)
Net book value at 31 December	3,654,468,411	4,739,533,040

The right-of-use assets recognised pertains to the lease of head office in Phonxay and branch offices in Sithan Neau and Dongdok.

- (i) The adjustment is related to the change of currency payments in the rental contract of Dongdok Branch from USD to LAK.

NOTES TO THE FINANCIAL STATEMENTS
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9. PROPERTY AND EQUIPMENT

Movement of the balance of property and equipment for the year ended 31 December 2024 is as follows:

	Building & improvements LAK	Office equipment LAK	Computer equipment LAK	Furniture & fixtures LAK	Motor vehicles LAK	Fixed assets in progress LAK	Total LAK
Cost							
At 1 January 2024	13,393,430,178	1,100,279,297	20,233,543,241	1,444,999,880	3,186,451,792	192,353,900	39,551,058,288
Additions	51,581,310	19,951,250	2,752,665,553	14,380,805	-	-	2,838,578,918
Reclassification	-	-	192,353,900	-	-	(192,353,900)	-
Written off	(55,998,735)	(46,332,000)	(769,406,447)	-	-	-	(871,737,182)
At 31 December 2024	13,389,012,753	1,073,898,547	22,409,156,247	1,459,380,685	3,186,451,792	-	41,517,900,024
Accumulated depreciation							
At 1 January 2024	(8,644,201,358)	(705,494,248)	(9,555,276,580)	(1,273,970,086)	(2,231,618,442)	-	(22,410,560,714)
Charge for the year	(1,326,680,429)	(95,140,359)	(3,467,392,427)	(62,589,729)	(229,159,992)	-	(5,180,962,936)
Written off	55,998,735	46,332,000	716,081,975	-	-	-	818,412,710
At 31 December 2024	(9,914,883,052)	(754,302,607)	(12,306,587,032)	(1,336,559,815)	(2,460,778,434)	-	(26,773,110,940)
Net book value at 31 December 2024	3,474,129,701	319,595,940	10,102,569,215	122,820,870	725,673,358	-	14,744,789,084

**NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

9. PROPERTY AND EQUIPMENT (Continued)

Movement of the balance of property and equipment for the year ended 31 December 2023 is as follows:

	Building & improvements LAK	Office equipment LAK	Computer equipment LAK	Furniture & fixtures LAK	Motor vehicles LAK	Fixed assets in progress* LAK	Total LAK
Cost:							
At 1 January 2023	13,547,576,323	752,143,027	25,012,563,691	1,329,638,905	2,040,651,792	192,353,900	42,874,927,638
Additions	134,462,620	348,136,270	786,473,222	115,360,975	1,145,800,000	-	2,530,233,087
Written off	(288,608,765)	-	(5,565,493,672)	-	-	-	(5,854,102,437)
At 31 December 2023	13,393,430,178	1,100,279,297	20,233,543,241	1,444,999,880	3,186,451,792	192,353,900	39,551,058,288
Accumulated depreciation							
At 1 January 2023	(7,434,019,065)	(638,203,505)	(11,720,331,196)	(1,215,418,555)	(2,033,683,975)	-	(23,041,656,296)
Charge for the year	(1,349,831,694)	(67,290,743)	(3,400,439,056)	(58,551,531)	(197,934,467)	-	(5,074,047,491)
Written off	139,649,401	-	5,565,493,672	-	-	-	5,705,143,073
At 31 December 2023	(8,644,201,358)	(705,494,248)	(9,555,276,580)	(1,273,970,086)	(2,231,618,442)	-	(22,410,560,714)
Net book value at 31 December 2023	4,749,228,820	394,785,049	10,678,266,661	171,029,794	954,833,350	192,353,900	17,140,497,574

*Fixed assets in progress during 2023 are related to Information Technology projects to replace those hardware nearing its end of useful lives in the coming year, upgrade security system and building renovation.

**NOTES TO THE FINANCIAL STATEMENTS
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10. INTANGIBLE ASSETS

Movement of the balance of intangible assets for the year ended 31 December 2024 is as follows:

	Computer software LAK	In progress* LAK	Total LAK
Cost			
At 1 January 2024	15,262,279,228	280,726,798	15,543,006,026
Additions	1,665,930,323	-	1,665,930,323
Reclassification	61,531,224	(61,531,224)	-
Written off	(1,823,945,216)	-	(1,823,945,216)
As at 31 December 2024	15,165,795,559	219,195,574	15,384,991,133
Accumulated amortisation			
At 1 January 2024	(9,918,723,141)	-	(9,918,723,141)
Charge for the year	(1,711,294,506)	-	(1,711,294,506)
Written off	1,823,945,216	-	1,823,945,216
As at 31 December 2024	(9,806,072,431)	-	(9,806,072,431)
Net book value at 31 December 2024	5,359,723,128	219,195,574	5,578,918,702

*Intangible assets in progress during 2024 are related to Information Technology projects to enhance the system.

Movement of the balance of intangible assets for the year ended 31 December 2023 is as follows:

	Computer software LAK	In progress* LAK	Total LAK
Cost			
At 1 January 2023	14,526,048,509	279,724,815	14,805,773,324
Additions	736,230,719	1,001,983	737,232,702
As at 31 December 2023	15,262,279,228	280,726,798	15,543,006,026
Accumulated amortisation			
At 1 January 2023	(8,371,996,406)	-	(8,371,996,406)
Charge for the year	(1,546,726,735)	-	(1,546,726,735)
As at 31 December 2023	(9,918,723,141)	-	(9,918,723,141)
Net book value at 31 December 2023	5,343,556,087	280,726,798	5,624,282,885

*Intangible assets in progress during 2023 are related to Information Technology projects to enhance the system.

**NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

11. OTHER ASSETS

	2024 LAK	2023 LAK
Prepaid expenses (i)	1,537,574,265	889,965,382
Accrued interest receivable (ii)	18,037,136,148	17,424,294,849
Others (iii)	2,256,171,648	1,630,436,355
	21,830,882,061	19,944,696,586

- (i) Prepaid expenses include advance payments for lease line, software maintenance, and insurance.
- (ii) Accrued interest receivable includes interest receivable from loans to customers and deposits with other banks. This also includes penalty receivable for the overdue loans.
- (iii) These include advance payment and bank supplies such as cheque books, passbooks and signature verification slips.

12. DEPOSITS FROM CUSTOMERS

Deposits from customers are analysed as follows:

a) Analysis by types of deposit account

	2024 LAK	2023 LAK
Current deposits	7,380,675,839	10,160,581,056
Saving deposits	16,994,861,314	17,754,263,122
Term deposits	48,983,805,692	74,505,125,099
	73,359,342,845	102,419,969,277

b) Analysis by currency

	2024 LAK	2023 LAK
LAK	23,980,033,428	36,821,501,565
USD	41,443,425,750	52,366,677,223
THB	7,935,883,667	13,231,790,489
	73,359,342,845	102,419,969,277

c) Analysis by maturity

	2024 LAK	2023 LAK
Within 3 months	26,283,642,180	38,682,514,288
4 to 6 months	7,314,153,055	27,497,762,194
7 to 12 months	17,951,884,845	14,934,461,220
Over 12 months	21,809,662,765	21,305,231,575
	73,359,342,845	102,419,969,277

**NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

12. DEPOSITS FROM CUSTOMERS (Continued)*d) Analysis by type of customer*

	2024 LAK	2023 LAK
Individual	23,094,913,116	32,585,554,643
Non-individual	50,264,429,729	69,834,414,634
	73,359,342,845	102,419,969,277

e) Analysis by type of relationship

	2024 LAK	2023 LAK
Staff	3,622,400,620	4,033,695,137
Customers	69,736,942,225	98,386,274,140
	73,359,342,845	102,419,969,277

13. AMOUNT DUE TO PARENT COMPANY

	2024 LAK	2023 LAK
Fixed deposits (i)	660,925,819,606	619,617,955,880
Intercompany payables (ii)	23,461,391,310	21,995,054,353
	684,387,210,916	641,613,010,233

- (i) Fixed deposits denominated in USD carry interest rates of 4.50% (2023: 4.50%) per annum with a term of 3 years (2023: 3 years).
- (ii) Intercompany payables include purchases of property and equipment initially made by RHB Bank Berhad - Malaysia during the start-up phase of the Bank. The intercompany payable is repayable on demand. In 2023, intercompany payables of USD 1,931,874 which is equivalent to LAK 39,700,012,500 has been converted to share capital as approved by the BOL under letter with reference 1035/BSD dated 21 December 2023.

14. OTHER LIABILITIES

	2024 LAK	2023 LAK
Accrued interest payable	12,186,483,256	11,540,938,421
Accruals, provisions and other liabilities (i)	11,090,654,723	8,040,164,782
	23,277,137,979	19,581,103,203

- (i) Accruals, provisions, and other liabilities include banker's cheques, accruals for utilities, bonus, and other liabilities to suppliers.

**NOTES TO THE FINANCIAL STATEMENTS
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15. LEASE LIABILITIES

	2024 LAK	2023 LAK
Lease liabilities from property	<u>11,109,064,597</u>	<u>13,221,408,372</u>

(a) Scheduled repayment of lease liabilities are as follows:

	2024 LAK	2023 LAK
Within one year	2,357,228,394	1,925,932,500
Beyond one year	8,751,836,203	11,295,475,872
	<u>11,109,064,597</u>	<u>13,221,408,372</u>

The total cash outflow for leases in 2024 was LAK 3,380,880,032 (2023: LAK 3,682,699,194) which includes the principal and interest payments.

16. PAID-UP CAPITAL

	2024 LAK	2023 LAK
At 1 January	500,000,062,500	460,300,050,000
Additional paid-up capital (Notes 13, 25(b))	-	39,700,012,500
At 31 December	<u>500,000,062,500</u>	<u>500,000,062,500</u>

17. LEGAL RESERVE

There was no movement in legal reserve fund during the year.

	2024 LAK	2023 LAK
At 1 January/At 31 December	<u>2,130,187,655</u>	<u>2,130,187,655</u>

18. CAPITAL CONTRIBUTION BY HOLDING COMPANY

Capital contribution by holding company represents the cost of the ordinary shares of RHB Bank in respect of Share Grant Scheme awarded to eligible employees of the Bank.

	2024 LAK	2023 LAK
At 1 January	-	-
Share-based payment expenses	71,002,226	-
At 31 December	<u>71,002,226</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

19. NET INTEREST INCOME

	2024 LAK	2023 LAK
Interest income		
Interest income from customers	30,924,726,841	25,970,186,258
Interest income from banks	43,414,353,812	47,888,723,108
	74,339,080,653	73,858,909,366
Interest expense		
Interest expense from customers	(2,612,311,427)	(3,470,052,346)
Interest expense from parent company	(29,823,146,608)	(29,901,484,819)
Interest expense from lease liability	(495,001,134)	(512,314,230)
	(32,930,459,169)	(33,883,851,395)
Net interest income	41,408,621,484	39,975,057,971

20. NET FEE AND COMMISSION INCOME

	2024 LAK	2023 LAK
Fee and commission income		
Loan processing fees	588,487,456	1,230,042,137
Penalty fees	72,732,799	106,636,347
Commitment fees	40,602,972	53,310,474
Other fees	325,617,586	365,826,914
	1,027,440,813	1,755,815,872
Fee and commission expense		
Commission fees	(44,221,712)	(58,318,376)
Wire transfer fees	(893,845,186)	(390,007,979)
	(938,066,898)	(448,326,355)
Net fee and commission income	89,373,915	1,307,489,517

21. PAYROLL AND OTHER STAFF COSTS

	2024 LAK	2023 LAK
Salaries and wages	23,297,110,106	20,270,334,980
Bonus	3,248,074,183	5,569,876,071
Share-based expenses	71,002,226	-
Other staff costs	2,058,084,976	1,746,923,029
	28,674,271,491	27,587,134,080

NOTES TO THE FINANCIAL STATEMENTS
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22. GENERAL AND ADMINISTRATIVE EXPENSES

	2024 LAK	2023 LAK
Repair and maintenance	5,295,966,676	3,860,762,819
Insurance expense	1,152,203,264	1,346,487,585
Professional fees (i)	1,398,767,030	1,106,978,098
Communication expense	976,597,664	488,944,204
Utilities	404,824,064	349,408,990
Security fees	432,250,000	315,580,000
Office stationery expense	460,176,356	722,782,585
Meal and travelling	372,489,733	512,594,806
Marketing and public relations	118,513,600	276,052,821
Board of directors' fees and allowances	799,713,873	627,218,509
Other administrative expenses	1,650,580,836	1,144,992,270
	13,062,083,096	10,751,802,687

(i) Professional fee includes audit fee of LAK 870,000,000 (2023: LAK 724,000,000).

23. NET PROVISION WRITEBACK FOR CREDIT LOSSES ON LOANS AND ADVANCES

	2024 LAK	2023 LAK
Charge/(Writeback)		
General provision (net)	(87,055,645)	405,848,926
Specific provision (net)	11,479,247,867	8,010,227,282
Net charge	11,392,192,222	8,416,076,208
Bad debt recovered	(12,938,919,715)	(26,776,255,809)
	(1,546,727,493)	(18,360,179,601)

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24. INCOME TAX EXPENSE

In accordance with the Income Tax Law No. 67/NA, dated 18 June 2019 stipulated by the President of the National Assembly, applicable profit tax that should be applied to both domestic and foreign enterprises that hold legal entities is 20% (2023: 20%) of total taxable profit income.

	2024 LAK	2023 LAK
(Loss)/Profit before tax for the year	(1,024,470,900)	22,344,910,704
Non-deductible expenses	174,638,118,706	722,206,472,196
Non-taxable income	(178,747,561,793)	(726,340,427,038)
Taxable (loss)/profit for the year	(5,133,913,987)	18,210,955,862
Loss carried forward from previous year	-	(14,419,778,757)
Taxable (loss)/profit for the year	(5,133,913,987)	18,210,955,862
(Loss)/Profit for the year	(5,133,913,987)	3,791,177,105
Income tax expense at applicable tax rate	-	758,235,421

In 2024, the Bank has loss carried forward amounting to LAK 5,133,913,987 which can be carried forward to offset against taxable profit to be realised for the remaining years from 2025 to 2029 subject to certification by the National Audit Authority with the acknowledgement from the tax authorities. In 2023, the Bank had taxable profit where loss carried forward from 2022 has been applied. The loss carried forward has already been fully utilised as of 31 December 2023.

25. RELATED PARTY BALANCES AND TRANSACTIONS

The Bank is 100% owned by RHB Bank Berhad – Malaysia, which is the Bank's ultimate controlling party.

A few number of banking transactions were entered into with related parties in the normal course of business, which were mostly deposits.

Deposits from key management personnel comprise savings and fixed deposits, all of which are unsecured. Savings deposits are repayable on demand and carry interest rates ranging from 1.60% to 2.00% (2023: 1.60% to 2.00%) per annum, depending on the currency. Fixed deposits carry interest rates ranging from 1.90% to 5.75% (2023: 2.50% to 6.75%) per annum, depending on the term and currency. Fixed deposits from key management personnel have terms ranging from 1 to 24 months (2023: 1 to 36 months). Loans and advances carry interest rate of 4.00% (2023: 4.00%) per annum with terms ranging from 48 to 300 months (2023: 72 to 300 months).

The volume of related-party transactions, outstanding balances, at the year-end, and related expense and income for the year are as follows:

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

25. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

	2024 LAK	2023 LAK
<i>RHB Bank Berhad - Malaysia (Holding Bank)</i>		
(a) <i>Fixed deposits</i>		
At 1 January	619,617,955,880	572,385,124,978
Deposits withdrawn during the year	-	(109,883,393,443)
Foreign exchange loss	41,307,863,726	157,116,224,345
As at 31 December (Note 13)	660,925,819,606	619,617,955,880
Interest payable	9,778,082,068	9,243,342,492
Interest expense (Note 19)	29,823,146,608	29,901,484,819
(b) <i>Intercompany payable</i>		
At 1 January	21,995,054,353	49,890,841,520
Transfer to paid-up capital	-	(39,700,012,500)
Foreign exchange loss	1,466,336,957	11,804,225,333
As at 31 December (Note 13)	23,461,391,310	21,995,054,353
Monthly swift payment	893,845,186	390,007,979
<i>RHB Bank Thailand</i>		
(a) <i>Current deposit</i>		
At 1 January	2,372,371,672	14,465,480,299
Deposits placed/(withdrawn) during the year	8,100,028,450	(16,638,764,521)
Foreign exchange (loss)/gain	(17,771,139)	4,545,655,894
At 31 December (Note 5)	10,454,628,983	2,372,371,672

**NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

25. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

	2024 LAK	2023 LAK
<i>Director and key management personnel</i>		
(a) <i>Deposits from customers</i>		
At 1 January	2,840,614,923	5,089,853,299
Deposits withdrawn during the year	(18,225,459)	(3,281,068,412)
Foreign exchange loss	145,833,688	1,031,830,036
As at 31 December	2,968,223,152	2,840,614,923
Interest payable	2,301,264,872	1,735,857,338
Interest expense	2,505,482,074	3,470,052,346
(b) <i>Loans and advances to customers</i>		
At 1 January	10,642,722,896	9,849,249,528
Loans disbursed during the year	1,100,000,000	1,096,000,000
Loan repaid during the year	(2,364,975,893)	(302,526,632)
As at 31 December	9,377,747,003	10,642,722,896
Interest receivable	11,689,574	9,929,866
Interest income	376,763,584	424,636,120
Salaries and other short-term employee benefits	12,815,632,638	15,207,843,835
Management fees	1,498,877,743	652,130,804
Social security contribution (i)	35,910,000	31,590,000

(i) Social security contributions by the Bank include the post-employment benefit.

26. COMMITMENTS AND CONTINGENCIES

(a) Capital commitment

In order to meet the minimum capital requirement of LAK 1,000,000,000,000 as per revised Law on Commercial Bank No. 39/NA, dated 17 July 2023, RHB Bank Berhad needs to inject additional capital of LAK 499,999,937,500. The timing of the capital injection is yet to be announced by BOL.

(b) Credit facilities

As at 31 December 2024, the Bank had the contractual amounts of the Bank's off-financial position, financial instruments that commits it to extend credit to customers. Unutilised overdrafts are those credit limit provided to customers but have not yet been withdrawn as at 31 December 2024.

	2024 LAK	2023 LAK
Unutilised overdraft	3,773,058,230	8,681,597,267
Undisbursed loans	8,357,740,000	5,335,000,000
	12,130,798,230	14,016,597,267

NOTES TO THE FINANCIAL STATEMENTS
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26. COMMITMENTS AND CONTINGENCIES (Continued)

(c) Taxation contingencies

The taxation system in the Lao PDR is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, Contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Lao PDR substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.