



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 2025



Content	Page(s)
Statement by the Board of Directors	1
Independent auditor's report	2 - 4
Statement of financial position	5
Statement of income	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9 - 32

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, are prepared, in all material respects, the financial position of the Bank as at 31 December 2025 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 2025.

STATEMENT BY THE BOARD OF DIRECTORS ON THE FINANCIAL STATEMENTS

We do hereby state that the accompanying financial statements, are prepared, in all material respects, the financial position of the Bank as at 31 December 2025 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



Chiam Tau Yu
Chief Executive Officer
31 March 2026



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 2025 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 2025;
- 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) as applicable to audit of financial statements of public interest entities. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of matter - Basis of preparation

We draw attention to Note 2 to the financial statements, which describes the basis of preparation. The financial statements are prepared in accordance with the relevant accounting regulations and notifications of Bank of the Lao People's Democratic Republic and accounting policies as described in Note 2 to the financial statements. Our opinion is not modified in respect to 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 the directors either intend to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

RHB Bank Lao Sole Co., Ltd

Statement of Financial Position
As at 31 December 2025

	Notes	2025 LAK	2024 LAK
ASSETS			
Cash and balances with central bank	4	773,624,655,308	830,042,715,509
Deposits and placement with other banks	5	157,608,907,410	50,902,497,654
Loans and advances to customers	7	325,182,138,735	383,845,395,587
Right-of-use assets	8	3,553,592,754	3,654,468,411
Property and equipment	9	10,922,690,683	14,744,789,084
Intangible assets	10	4,821,200,908	5,578,918,702
Other assets	11	21,305,671,862	21,830,882,061
TOTAL ASSETS		1,297,018,857,660	1,310,599,667,008
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	12	57,319,637,132	73,359,342,845
Amount due to parent company	13	675,438,898,904	684,387,210,916
Other liabilities	14	17,679,695,560	23,277,137,979
Income tax payable	24	1,271,502,550	-
Lease liabilities	15	8,820,325,083	11,109,064,597
TOTAL LIABILITIES		760,530,059,229	792,132,756,337
EQUITY			
Paid-up capital	16	500,000,062,500	500,000,062,500
Legal reserve	17	3,859,200,574	2,130,187,655
Capital contribution by holding company	18	135,101,603	71,002,226
Retained earnings		32,494,433,754	16,265,658,290
TOTAL EQUITY		536,488,798,431	518,466,910,671
TOTAL EQUITY AND LIABILITIES		1,297,018,857,660	1,310,599,667,008



Chiam Tau Yu
Chief Executive Officer
31 March 2026

The accompanying notes on pages 9 to 32 form an integral part of these financial statements.
Independent auditor's report – pages 2 to 4.

RHB Bank Lao Sole Co., Ltd

Statement of income
For the year ended 31 december 2025

	Notes	2025 LAK	2024 LAK
Interest income	19	77,926,966,621	74,339,080,653
Interest expense	19	(29,296,990,830)	(32,930,459,169)
NET INTEREST INCOME	19	48,629,975,791	41,408,621,484
Net provision writeback for credit losses on loans and advances	23	26,338,723,234	1,546,727,493
NET INTEREST INCOME AFTER LOANS AND ADVANCES IMPAIRMENT WRITEBACK		74,968,699,025	42,955,348,977
Fee and commission income	20	610,936,516	1,027,440,813
Fee and commission expense	20	(364,342,525)	(938,066,898)
NET FEE AND COMMISSION INCOME	20	246,593,991	89,373,915
Other income		475,038,603	-
NET FEE, COMMISSION INCOME AND OTHER INCOME		721,632,594	89,373,915
Property and equipment written off		(338,037,499)	(53,324,472)
Foreign exchange gain, net		331,371,270	5,697,807,338
Payroll and other staff costs	21	(26,800,086,062)	(28,674,271,491)
General and administrative expenses	22	(18,770,068,971)	(13,062,083,096)
Depreciation and amortisation charges	8,9,10	(8,299,821,625)	(7,977,322,071)
TOTAL EXPENSES		(53,876,642,887)	(44,069,193,792)
PROFIT/(LOSS) BEFORE TAX		21,813,688,732	(1,024,470,900)
Income tax expense	24	(3,855,900,349)	-
NET PROFIT/(LOSS) FOR THE YEAR		17,957,788,383	(1,024,470,900)



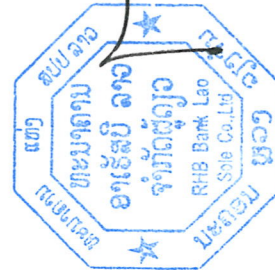
Chiam Tau Yu
Chief Executive Officer
31 March 2026

The accompanying notes on pages 9 to 32 form an integral part of these financial statements.
Independent auditor's report – pages 2 to 4.

RHB Bank Lao Sole Co., Ltd

Statement of Changes in Equity
For the year ended 31 December 2025

	Notes	Paid-up capital LAK	Legal reserve LAK	Capital contribution by holding company LAK	Retained earnings/(deficits) LAK	Total LAK
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	18	-	-	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
As at 1 January 2025		500,000,062,500	2,130,187,655	71,002,226	16,265,658,290	518,466,910,671
Share-based payment expenses	18	-	-	64,099,377	-	64,099,377
Legal reserve	17	-	1,729,012,919	-	(1,729,012,919)	-
Net profit for the year		-	-	-	17,957,788,383	17,957,788,383
As at 31 December 2025		500,000,062,500	3,859,200,574	135,101,603	32,494,433,754	536,488,798,431



Chiam Tau Yu
Chief Executive Officer
31 March 2026

The accompanying notes on pages 9 to 32 form an integral part of these financial statements.
Independent auditor's report – pages 2 to 4.

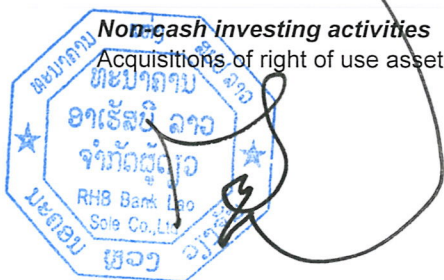
RHB Bank Lao Sole Co., Ltd

Statement of Cash Flows
For the year ended 31 December 2025

	Notes	2025 LAK	2024 LAK
OPERATING ACTIVITIES			
Profit/(Loss) before tax		21,813,688,732	(1,024,470,900)
<i>Adjustments for:</i>			
(Writeback)/provision made for credit losses on loans and advances	23	(277,676,692)	11,392,192,222
Depreciation of property and equipment	9	5,393,215,961	5,180,962,936
Amortisation of intangible assets	10	1,696,641,323	1,711,294,506
Amortisation of right-of-use assets	8	1,209,964,341	1,085,064,629
Property and equipment written off	9, 10	338,037,499	53,324,472
Foreign exchange loss/(gain), net		(8,973,739,753)	36,234,402,250
Interest income	19	(77,926,966,621)	(74,339,080,653)
Interest expense	19	29,296,990,830	32,930,459,169
Shared-based payment expenses	18	64,099,376	71,002,226
Operating (loss)/profit before changes in operating assets and liabilities		(27,365,745,004)	13,295,150,857
Decrease/(increase) in statutory deposits with BOL	4	11,907,623,307	(36,888,420,239)
(Increase)/decrease in deposits and placements with other banks	5	(104,862,000,000)	18,542,000,000
Decrease in loans and advances to customers	7	58,941,398,508	12,488,997,151
Increase in other assets		(3,820,088,716)	(1,273,344,176)
Decrease in deposits from customers	12	(16,039,705,713)	(29,060,626,432)
(Decrease)/increase in other liabilities		(1,897,519,360)	3,824,025,064
Cash used in operations		(83,136,036,978)	(19,072,217,775)
Interest received		82,272,265,536	73,726,239,354
Interest paid		(33,161,735,643)	(32,284,914,334)
Income tax paid	24	(2,584,397,799)	(758,235,421)
Net cash (used in)/generated from operating activities		(36,609,904,884)	21,610,871,824
INVESTING ACTIVITIES			
Purchases of property and equipment	9	(1,254,583,093)	(2,838,578,918)
Purchases of intangible fixed assets	10	(1,593,495,495)	(1,665,930,323)
Pre-payment for right-of-use assets	8	(407,961,600)	-
Net cash used in investing activities		(3,256,040,188)	(4,504,509,241)
FINANCING ACTIVITIES			
Payments for lease liabilities	15	(3,233,006,444)	(2,885,878,898)
Net cash used in financing activities		(3,233,006,444)	(2,885,878,898)
Net (decrease)/increase in cash and cash equivalents		(42,690,989,916)	14,220,483,685
Cash and cash equivalents, beginning	6	192,443,583,103	171,659,227,282
Effect of foreign exchange difference		24,962,778	6,563,872,136
Cash and cash equivalents, ending	6	149,777,555,965	192,443,583,103

Non-cash investing activities

Acquisitions of right of use assets	8	701,127,084	-
-------------------------------------	---	-------------	---



Chiam Tau Yu
Chief Executive Officer
31 March 2026

The accompanying notes on pages 9 to 32 form an integral part of these financial statements.
Independent auditor's report – pages 2 to 4.

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. During the year 2025, 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.

RHB Bank Lao Sole Co., Ltd previously had 2 branches as follows:

1. Sithan Neua Branch was established on 19 August 2016. The office was located at Unit No. 06, Souphanouvong Road, Sithan Neua Village, Sikhottabong District, Vientiane Capital, Lao PDR.
2. Dongdok branch was established on 26 January 2018. The office was located at Unit No. 08, Dongdok Road, Saphangmuek Village, Xaythany District, Vientiane Capital, Lao PDR.

Effective 1 December 2025, both branches ceased operations as part of management's strategic restructuring. All banking services and customer accounts have been transferred to the Head Office in Phonxay Village. The Bank is in the process of core banking system enhancement for data migration from the branches to the Head Office and plans to complete the revocation of the two branches' banking licenses within the first quarter of 2026.

The Bank's BOD has reviewed these financial statements and approved for their issuance on 31 March 2026.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Leases for lessee (Continued)

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 statement of income. Short-term leases are leases with a lease term of 12 months or less.

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*

RHB Bank Berhad (Ultimate Parent) has on 2 June 2022 implemented the SGS, which was approved by the shareholders at an extraordinary general meeting held on 27 April 2022. The SGS is intended to motivate employees, attract talents and retain key employees through the grant of the ordinary shares in the RHB Bank Berhad ('RHB Bank Share(s)') of up to 2% of the total number of issued shares of RHB Bank Berhad (excluding treasury shares, if any) at any point in time during the duration of the SGS for employees and Executive Directors of RHB Bank Berhad and its subsidiaries (excluding subsidiaries which are dormant) who fulfil the eligibility criteria ('Eligible Employees'). The SGS which is to be administered by the Board Nominating and Remuneration Committee ('BNRC') comprising such persons as may be appointed by the Board from time to time, shall be in force for a period of nine years commencing from the effective date of implementation of the SGS, and the vesting period for each grant offered will be 3 years from the offer date.

The fair value of the shares offered is recognised as an expense in the statement of comprehensive income 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Employee benefit (Continued)

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 5.5% of employee's basic salary (employee's contribution) and 6% of the employee's basic salary (employer's contribution) 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.

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% (2024: 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.

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.

Notes to the Financial Statements
As at and for the year ended 31 December 2025

4. CASH AND BALANCES WITH CENTRAL BANK

	2025 LAK	2024 LAK
Cash on hand (Note 4.1)	9,884,380,443	22,791,658,130
Balances with central bank other than long term fixed deposit and mandatory reserve deposits (Note 4.2)	108,714,268,112	140,317,427,319
Included in cash and cash equivalents (Note 6)	118,598,648,555	163,109,085,449
Long term fixed deposit and mandatory reserve deposits with central bank (Note 4.3)	655,026,006,753	666,933,630,060
	<u>773,624,655,308</u>	<u>830,042,715,509</u>

4.1 Cash on hand

	2025 LAK	2024 LAK
Cash on hand – LAK	1,493,583,500	7,795,081,500
Cash on hand – foreign currencies	8,390,796,943	14,996,576,630
	<u>9,884,380,443</u>	<u>22,791,658,130</u>

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

	2025 LAK	2024 LAK
Demand deposit	<u>108,714,268,112</u>	<u>140,317,427,319</u>

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

	2025 LAK	2024 LAK
Compulsory reserve (i)	2,653,382,341	5,919,449,587
Statutory deposits (ii)	88,360,867	88,360,867
Long term fixed deposit (iii)	652,284,263,545	660,925,819,606
	<u>655,026,006,753</u>	<u>666,933,630,060</u>

- (i) These are deposits maintained in BOL as per BOL regulations. The balance is adjusted and calculated at 8% (2024: 8%) of LAK and 11% (2024: 11%) of other foreign currencies, such as Thailand Baht (THB) and United States Dollar (USD), on the average balance of customer deposits, such as savings accounts, current accounts and term deposits, on bi-monthly basis. 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 and such should not be withdrawn. 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 6.40% (2024: 6.50%) per annum with an original term term of 1 (2024: 3) years.

Notes to the Financial Statements
As at and for the year ended 31 December 2025

5. DEPOSITS AND PLACEMENT WITH OTHER BANKS

Deposits and placement with other banks are analysed as follows:

	2025 LAK	2024 LAK
Deposits included in cash and cash equivalents	31,178,907,410	29,334,497,654
Placement with other banks	126,430,000,000	21,568,000,000
	<u>157,608,907,410</u>	<u>50,902,497,654</u>

a) Analysis by institution

	2025 LAK	2024 LAK
Balances with domestic banks		
Banque Pour Le Commerce Exterieur Lao – Vientiane Branch	14,159,215,558	16,406,050,345
	<u>14,159,215,558</u>	<u>16,406,050,345</u>
Balances with overseas banks		
RHB Bank Berhad – Thailand (Note 26)	10,961,270,106	10,454,628,983
JP Morgan - the United States of America	6,058,421,746	2,473,818,326
	<u>17,019,691,852</u>	<u>12,928,447,309</u>
Included in cash and cash equivalents (Note 6)	<u>31,178,907,410</u>	<u>29,334,497,654</u>

	2025 LAK	2024 LAK
Placement with domestic banks		
Acleda Bank Lao Ltd.	20,000,000,000	21,568,000,000
Sai Gon Thuong Tin Bank Sole Co., Ltd	21,286,000,000	-
VietinBank Lao Limited	85,144,000,000	-
	<u>126,430,000,000</u>	<u>21,568,000,000</u>

b) Analysis by currency

	2025 LAK	2024 LAK
Domestic banks		
LAK	31,807,203,675	11,015,665,711
USD	107,772,413,297	26,075,140,448
THB	1,009,598,586	883,244,186
	<u>140,589,215,558</u>	<u>37,974,050,345</u>
Overseas banks		
USD	6,058,421,746	2,473,818,326
THB (Note 26)	10,961,270,106	10,454,628,983
	<u>17,019,691,852</u>	<u>12,928,447,309</u>
	<u>157,608,907,410</u>	<u>50,902,497,654</u>

Notes to the Financial Statements
As at and for the year ended 31 December 2025

6. CASH AND CASH EQUIVALENTS

	2025 LAK	2024 LAK
Cash and balances with central bank (Note 4)	118,598,648,555	163,109,085,449
Deposits with other banks (Note 5)	31,178,907,410	29,334,497,654
	<u>149,777,555,965</u>	<u>192,443,583,103</u>

7. LOANS AND ADVANCES TO CUSTOMERS

	2025 LAK	2024 LAK
Loans and advances to customers	326,832,867,948	385,774,266,456
Provision	(1,650,729,213)	(1,928,870,869)
	<u>325,182,138,735</u>	<u>383,845,395,587</u>

Loans and advances to customers are analysed as follows:

a) *Analysis by currency*

	2025 LAK	2024 LAK
LAK	326,832,867,948	378,661,883,505
USD	-	7,112,382,951
	<u>326,832,867,948</u>	<u>385,774,266,456</u>

b) *Analysis by status of loan*

	2025 LAK	2024 LAK
Performing loans	326,832,867,948	385,774,266,456
Non-performing loans	-	-
	<u>326,832,867,948</u>	<u>385,774,266,456</u>

c) *Analysis by classification of BOL*

	2025 LAK	2024 LAK
Performing loans		
Normal Loans	326,170,279,506	385,774,266,456
Special Mention Loans	662,588,442	-
Non-performing loans	-	-
Substandard Loans	-	-
Doubtful Loans	-	-
Loss Loans	-	-
	<u>326,832,867,948</u>	<u>385,774,266,456</u>

Notes to the Financial Statements
As at and for the year ended 31 December 2025

7. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

d) *Analysis by relationship*

	2025 LAK	2024 LAK
Customers	<u>326,832,867,948</u>	<u>385,774,266,456</u>

e) *Analysis by economic sector*

	2025 LAK	2024 LAK
Service	242,253,094,640	273,974,360,129
Commercial	24,609,584,830	36,942,083,864
Agriculture	20,092,751,187	22,134,157,878
Industrial	3,053,137,955	14,611,686,499
Construction	4,413,966,923	4,857,852,529
Transport and telecommunication	1,222,913,243	1,527,158,975
Handicraft	2,329,216,289	858,992,148
Others	28,858,202,881	30,867,974,434
	<u>326,832,867,948</u>	<u>385,774,266,456</u>

f) *Analysis by resident status*

	2025 LAK	2024 LAK
Resident	326,832,867,948	384,477,694,058
Non-resident	-	1,296,572,398
	<u>326,832,867,948</u>	<u>385,774,266,456</u>

g) *Analysis by security*

	2025 LAK	2024 LAK
Secured	<u>326,832,867,948</u>	<u>385,774,266,456</u>

Notes to the Financial Statements
As at and for the year ended 31 December 2025

7. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

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

	2025	2024
	LAK	LAK
General provision		
Beginning balance	1,928,870,869	2,009,276,034
Provision charged during the year	767,516,314	18,217,816,854
Reversal of provision during the year	(1,045,193,006)	(18,304,872,499)
Foreign exchange difference	(464,964)	6,650,480
At 31 December	1,650,729,213	1,928,870,869

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

	2025	2024
	LAK	LAK
Specific provision		
Beginning balance	-	10,252,829,931
Provision charged during the year	-	26,121,432,933
Reversal of provision during the year	-	(14,642,185,066)
Utilisation for bad debt written off	-	(21,749,501,021)
Foreign exchange difference	-	17,423,223
At 31 December	-	-

The breakdown of as at 31 December 2025 is as follows:

	2025	2024
	LAK	LAK
Performing loans (general)		
Normal	1,630,851,562	1,928,870,869
Special Mention	19,877,651	-
Non- performing Loans (specific)		
Sub Standard	-	-
Doubtful	-	-
Loss	-	-
At 31 December	1,650,729,213	1,928,870,869

Notes to the Financial Statements
As at and for the year ended 31 December 2025

8. RIGHT-OF-USE ASSETS

	2025	2024
	LAK	LAK
Cost		
At 1 January	14,893,802,859	14,893,802,859
Addition (i)	1,109,088,684	-
Derecognition (ii)	(3,405,361,846)	-
At 31 December	12,597,529,697	14,893,802,859
Accumulated amortisation		
At 1 January	(11,239,334,448)	(10,154,269,819)
Charge for the year	(1,209,964,341)	(1,085,064,629)
Derecognition (ii)	3,405,361,846	-
At 31 December	(9,043,936,943)	(11,239,334,448)
Net book value at 31 December	3,553,592,754	3,654,468,411

- (i) The right-of-use assets recognised pertains to the lease of head office in Phonxay and DR center (previously referred to as the Sithan Neua Branch) in Sithan Neau.
- (ii) The derecognition is related to the expiry of the lease contract for the DR Center (previously referred to as the Sithan Neua Branch) in Sithan Neau and the termination of the lease for the Dongdok Branch.

Amounts charged to profit or loss relating to leases are as follows:

	2025	2024
	LAK	LAK
Amortisation charge of right-of-use assets	1,209,964,341	1,085,064,629
Interest expense	387,548,433	495,001,134

The total cash outflow for leases in 2025 was LAK 1,597,512,774 (2024: LAK 1,580,065,763).

Notes to the Financial Statements
As at and for the year ended 31 December 2025

9. PROPERTY AND EQUIPMENT

	Building & improvements LAK	Office equipment LAK	Computer equipment LAK	Furniture & fixtures LAK	Motor vehicles LAK	Fixed assets in progress LAK	Total LAK
At 1 January 2024							
Cost	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	(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	4,749,228,820	394,785,049	10,678,266,661	171,029,794	954,833,350	192,353,900	17,140,497,574
Year ended 31 December 2024							
Opening net book amount	4,749,228,820	394,785,049	10,678,266,661	171,029,794	954,833,350	192,353,900	17,140,497,574
Additions during the year	51,581,310	19,951,250	2,752,665,553	14,380,805	-	-	2,838,578,918
Disposals/transfers	-	-	139,029,428	-	-	(192,353,900)	(53,324,472)
Depreciation charge	(1,326,680,429)	(95,140,359)	(3,467,392,427)	(62,589,729)	(229,159,992)	-	(5,180,962,936)
Net book value	3,474,129,701	319,595,940	10,102,569,215	122,820,870	725,673,358	-	14,744,789,084
At 31 December 2024							
Cost	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	(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	3,474,129,701	319,595,940	10,102,569,215	122,820,870	725,673,358	-	14,744,789,084
Year ended 31 December 2025							
Opening net book amount	3,474,129,701	319,595,940	10,102,569,215	122,820,870	725,673,358	-	14,744,789,084
Additions during the year	58,501,960	44,895,510	1,085,735,623	65,450,000	-	-	1,254,583,093
Disposals/transfers	(344,542,295)	13,491,675	651,371,109	(3,786,022)	-	-	316,534,467
Depreciation charge	(1,174,899,856)	(121,712,029)	(3,814,333,043)	(53,111,041)	(229,159,992)	-	(5,393,215,961)
Net book value	2,013,189,510	256,271,096	8,025,342,904	131,373,807	496,513,366	-	10,922,690,683
At 31 December 2025							
Cost	10,124,272,679	1,013,248,879	23,873,160,914	1,643,164,649	3,186,451,792	-	39,840,298,913
Accumulated depreciation	(8,111,083,169)	(756,977,783)	(15,847,818,010)	(1,511,790,842)	(2,689,938,426)	-	(28,917,608,230)
Net book value	2,013,189,510	256,271,096	8,025,342,904	131,373,807	496,513,366	-	10,922,690,683

Notes to the Financial Statements
As at and for the year ended 31 December 2025

10. INTANGIBLE ASSETS

	Computer software LAK	In progress LAK	Total LAK
At 1 January 2024			
Cost	15,262,279,228	280,726,798	15,543,006,026
Accumulated amortisation	(9,918,723,141)	-	(9,918,723,141)
Net book value	5,343,556,087	280,726,798	5,624,282,885
Year ended 31 December 2024			
Opening net book amount	5,343,556,087	280,726,798	5,624,282,885
Additions during the year	1,665,930,323	-	1,665,930,323
Transfers/write-off	61,531,224	(61,531,224)	-
Amortisation charge	(1,711,294,506)	-	(1,711,294,506)
Closing net book value	5,359,723,128	219,195,574	5,578,918,702
At 31 December 2024			
Cost	15,165,795,559	219,195,574	15,384,991,133
Accumulated amortisation	(9,806,072,431)	-	(9,806,072,431)
Net book value	5,359,723,128	219,195,574	5,578,918,702
Year ended 31 December 2025			
Opening net book amount	5,359,723,128	219,195,574	5,578,918,702
Additions during the year	740,163,457	853,332,038	1,593,495,495
Transfers/write-off	(654,571,966)	-	(654,571,966)
Amortisation charge	(1,696,641,323)	-	(1,696,641,323)
Closing net book value	3,748,673,296	1,072,527,612	4,821,200,908
At 31 December 2025			
Cost	15,229,199,129	1,072,527,612	16,301,726,741
Accumulated amortisation	(11,480,525,833)	-	(11,480,525,833)
Net book value	3,748,673,296	1,072,527,612	4,821,200,908

Notes to the Financial Statements
As at and for the year ended 31 December 2025

11. OTHER ASSETS

	2025	2024
	LAK	LAK
Prepaid expenses (i)	5,218,996,278	1,537,574,265
Accrued interest receivable (ii)	13,691,837,233	18,037,136,148
Others (iii)	2,394,838,351	2,256,171,648
	21,305,671,862	21,830,882,061

- (i) Prepaid expenses include advance payments for internet subscription, 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

	2025	2024
	LAK	LAK
Current deposits	8,787,651,332	7,380,675,839
Saving deposits	8,428,754,615	16,994,861,314
Term deposits	40,103,231,185	48,983,805,692
	57,319,637,132	73,359,342,845

b) Analysis by currency

	2025	2024
	LAK	LAK
LAK	19,000,803,716	23,980,033,428
USD	36,808,055,377	41,443,425,750
THB	1,510,778,039	7,935,883,667
	57,319,637,132	73,359,342,845

c) Analysis by maturity

	2025	2024
	LAK	LAK
Within 3 months	17,951,887,343	26,283,642,180
4 to 6 months	319,086,132	7,314,153,055
7 to 12 months	15,154,664,043	17,951,884,845
Over 12 months	23,893,999,614	21,809,662,765
	57,319,637,132	73,359,342,845

Notes to the Financial Statements
As at and for the year ended 31 December 2025

12. DEPOSITS FROM CUSTOMERS (CONTINUED)

d) *Analysis by type of customer*

	2025 LAK	2024 LAK
Individual	11,113,204,421	23,094,913,116
Non-individual	46,206,432,711	50,264,429,729
	<u>57,319,637,132</u>	<u>73,359,342,845</u>

e) *Analysis by type of relationship*

	2025 LAK	2024 LAK
Staff	3,312,943,627	3,622,400,620
Customers	54,006,693,505	69,736,942,225
	<u>57,319,637,132</u>	<u>73,359,342,845</u>

13. AMOUNT DUE TO PARENT COMPANY

	2025 LAK	2024 LAK
Fixed deposits (i)	652,284,263,545	660,925,819,606
Intercompany payables (ii)	23,154,635,359	23,461,391,310
	<u>675,438,898,904</u>	<u>684,387,210,916</u>

- (i) Fixed deposits denominated in USD carry interest rates of 5.00% (2024: 4.50%) per annum with an original term of 1 years (2024: 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.

14. OTHER LIABILITIES

	2025 LAK	2024 LAK
Accrued interest payable	8,321,738,443	12,186,483,256
Accruals, provisions and other liabilities (i)	9,357,957,117	11,090,654,723
	<u>17,679,695,560</u>	<u>23,277,137,979</u>

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

Notes to the Financial Statements
As at and for the year ended 31 December 2025

15. LEASE LIABILITIES

	2025	2024
	LAK	LAK
Lease liabilities from property	<u>8,820,325,083</u>	<u>11,109,064,597</u>

Lease liability movements for the year ended 31 December 2025 and 2024 are as follows:

	2025	2024
	LAK	LAK
At 1 January	11,109,064,597	13,221,408,372
Additions	1,109,088,684	-
Payments	(3,233,006,444)	(2,885,878,898)
Interest payment (presented as operating cash flows)	(552,370,187)	278,533,989
Interest expense	387,548,433	495,001,134
At 31 December	<u>8,820,325,083</u>	<u>11,109,064,597</u>

Interest rates in 2025 are 5.5% (2024: 5.5%) for LAK and 3.75% for USD (2024: 3.75%)

16. PAID-UP CAPITAL

	2025	2024
	LAK	LAK
At 1 January	<u>500,000,062,500</u>	<u>500,000,062,500</u>
At 31 December	<u>500,000,062,500</u>	<u>500,000,062,500</u>

RHB Bank Berhad - Malaysia owns 100% of the Bank's shares represented by 49,751,250 (2024: 49,751,250) shares with issue price of LAK 10,050 (2024: LAK 10,050) per share. All issued shares were fully paid.

17. LEGAL RESERVE

	2025	2024
	LAK	LAK
At 1 January	2,130,187,655	2,130,187,655
Additional during the year	<u>1,729,012,919</u>	<u>-</u>
At 31 December	<u>3,859,200,574</u>	<u>2,130,187,655</u>

A legal reserve shall be maintained in accordance with the Law on Enterprise No. 33/NA, dated 29 December 2022 where the Bank shall annually convert ten percent of its net profit into the reserve funds after deducting its accumulated losses. The Bank has set up its legal reserve based on its net profit derived under a separate set of financial statements prepared in accordance with the Bank's accounting policies and the BOL's relevant accounting regulations and notifications as required by BOL.

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.

	2025	2024
	LAK	LAK
At 1 January	71,002,226	-
Share-based payment expenses	64,099,377	71,002,226
At 31 December	135,101,603	71,002,226

19. NET INTEREST INCOME

	2025	2024
	LAK	LAK
Interest income		
Interest income from customers	35,649,262,729	30,924,726,841
Interest income from banks	42,277,703,892	43,414,353,812
	77,926,966,621	74,339,080,653
Interest expense		
Interest expense from customers	(2,496,398,947)	(2,612,311,427)
Interest expense from parent company	(26,413,043,450)	(29,823,146,608)
Interest expense from lease liability	(387,548,433)	(495,001,134)
	(29,296,990,830)	(32,930,459,169)
Net interest income	48,629,975,791	41,408,621,484

20. NET FEE AND COMMISSION INCOME

	2025	2024
	LAK	LAK
Fee and commission income		
Loan processing fees	98,500,000	588,487,456
Penalty fees	205,063,298	72,732,799
Commitment fees	26,274,980	40,602,972
Other fees	281,098,238	325,617,586
	610,936,516	1,027,440,813
Fee and commission expense		
Commission fees	(24,432,288)	(44,221,712)
Wire transfer fees	(339,910,237)	(893,845,186)
	(364,342,525)	(938,066,898)
Net fee and commission income	246,593,991	89,373,915

Notes to the Financial Statements
As at and for the year ended 31 December 2025

21. PAYROLL AND OTHER STAFF COSTS

	2025 LAK	2024 LAK
Salaries and wages	20,253,678,896	23,297,110,106
Bonus	1,827,994,728	3,248,074,183
Share-based expenses	64,099,376	71,002,226
Other staff costs	4,654,313,062	2,058,084,976
	26,800,086,062	28,674,271,491

22. GENERAL AND ADMINISTRATIVE EXPENSES

	2025 LAK	2024 LAK
Repair and maintenance	8,228,821,485	5,295,966,676
Insurance expense	1,149,847,011	1,152,203,264
Professional fees (i)	1,316,567,971	1,398,767,030
Communication expense	665,149,815	976,597,664
Utilities	442,064,850	404,824,064
Security fees	602,350,000	432,250,000
Office stationery expense	409,486,097	460,176,356
Meal and travelling	482,694,041	372,489,733
Marketing and public relations	145,880,000	118,513,600
Board of directors' fees and allowances	853,131,328	799,713,873
Other administrative expenses	4,474,076,373	1,650,580,836
	18,770,068,971	13,062,083,096

(i) Professional fee includes audit fee of LAK 910,452,792 (2024: LAK 870,000,000).

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

	2025 LAK	2024 LAK
Writeback / (charge)		
General provision (net)	(277,676,692)	(87,055,645)
Specific provision (net)	-	11,479,247,867
Net writeback / (charge)	(277,676,692)	11,392,192,222
Bad debt recovered	(26,061,046,542)	(12,938,919,715)
	(26,338,723,234)	(1,546,727,493)

Notes to the Financial Statements
As at and for the year ended 31 December 2025

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

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 2025, the Bank offset the loss carried forward amounting to LAK 5,133,913,987; therefore, the loss carried forward was fully utilised as at 31 December 2025.

a) Analysis of income tax expense

	2025 LAK	2024 LAK
Profit/(loss) before tax for the year	21,813,688,732	(1,024,470,900)
Non-deductible expenses	103,471,889,941	174,638,118,706
Non-taxable income	(100,872,162,941)	(178,747,561,793)
Taxable profit/(loss) for the year	24,413,415,732	(5,133,913,987)
Loss carried forward from previous year	(5,133,913,987)	-
Profit/(loss) for the year	19,279,501,745	(5,133,913,987)
Income tax expense at applicable tax rate	3,855,900,349	-

b) Analysis of income tax payable

	2025 LAK	2024 LAK
At 1 January	-	-
Income tax expense	3,855,900,349	-
Tax paid during the year	(2,584,397,799)	-
At 31 December	1,271,502,550	-

25. RELATED PARTY BALANCES AND TRANSACTIONS

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

There are banking transactions entered with related parties in the normal course of business, which were mostly deposits and loans.

Deposits from key management personnel (directors and heads of department), are comprised of savings and fixed deposits, all of which are unsecured. Savings deposits are repayable on demand and carry interest rates ranging from 0.40% to 2.25% (2024: 1.60% to 2.00%) per annum, depending on the currency. Fixed deposits carry interest rates ranging from 1.90% to 5.25% (2024: 1.90% to 5.75%) per annum, depending on the term and currency. Fixed deposits from key management personnel have terms ranging from 1 to 24 months (2024: 1 to 24 months). Loans and advances carry interest rate of 4.00% (2024: 4.00%) per annum with terms ranging from 48 to 300 months (2024: 48 to 300 months).

Notes to the Financial Statements
As at and for the year ended 31 December 2025

25. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

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

	2025 LAK	2024 LAK
RHB Bank Berhad - Malaysia (Ultimate parent)		
(a) Fixed deposits		
At 1 January	660,925,819,606	619,617,955,880
Foreign exchange (gain)/loss	(8,641,556,061)	41,307,863,726
As at 31 December (Note 13)	652,284,263,545	660,925,819,606
Interest payable	6,790,904,509	9,778,082,068
Interest expense (Note 19)	26,413,043,450	29,823,146,608
Cost sharing from RHB Bank Berhad - Malaysia	4,496,818,328	1,498,877,743
RHB Bank Berhad - Malaysia (Holding Bank)		
(b) Intercompany payable		
At 1 January	23,461,391,310	21,995,054,353
Foreign exchange (gain)/loss	(306,755,951)	1,466,336,957
As at 31 December (Note 13)	23,154,635,359	23,461,391,310
Monthly swift payment	339,910,237	893,845,186
RHB Bank Thailand		
(a) Current deposit		
At 1 January	10,454,628,983	2,372,371,672
Deposits (withdrawn)/placed during the year	(480,512,035)	8,100,028,450
Foreign exchange gain/(loss)	987,153,158	(17,771,139)
At 31 December (Note 5)	10,961,270,106	10,454,628,983
Director and key management personnel		
(a) Deposits from customers		
At 1 January	2,968,223,152	2,840,614,923
Deposits withdrawn during the year	(360,605,150)	(18,225,459)
Foreign exchange loss	(20,204,620)	145,833,688
As at 31 December	2,587,413,382	2,968,223,152
Interest payable	32,983,784	26,810,749
Interest expense	93,192,213	98,151,622
(b) Loans and advances to customers		
At 1 January	9,377,747,003	10,642,722,896
Loans disbursed during the year	5,224,000,000	1,100,000,000
Loan repaid during the year	(5,731,059,383)	(2,364,975,893)
As at 31 December	8,870,687,620	9,377,747,003

Notes to the Financial Statements
As at and for the year ended 31 December 2025

25. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

	2025	2024
	LAK	LAK
<i>Director and key management personnel</i>		
Interest receivable	9,650,231	11,689,574
Interest income	203,859,945	376,763,584
Salaries and other employee benefits	15,605,005,113	12,815,632,638
Shared-based payment	64,099,376	71,002,226
Management fees	853,131,328	799,713,873
Social security contribution (i)	28,350,000	35,910,000

(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 at least LAK 499,999,937,500. Based on the approval of the RHB Bank Berhad Board of Directors at Board Meeting No. 9/2025 dated 30 September 2025, and the approval from the Bank of Lao PDR No. 741/CBSD dated 24 December 2025, the Bank will inject capital in six tranches as follows:

No.	Amount	Percentage	Target Date
1 st	150,000,018,750	30%	By June 2030
2 nd	70,000,008,750	14%	By June 2031
3 rd	70,000,008,750	14%	By June 2032
4 th	70,000,008,750	14%	By June 2033
5 th	70,000,008,750	14%	By June 2034
6 th	70,000,008,750	14%	By June 2035
Total	500,000,062,500	100%	

(b) Credit facilities

As at 31 December 2025 and 2024, the Bank had contractual commitments under off-balance sheet financial instruments to extend credit to customers. These commitments comprise unutilised overdraft facilities and undisbursed loans. Unutilised overdrafts represent approved credit limits granted to customers that had not been drawn down as at the reporting date. Undisbursed loans represent approved loan facilities that had not yet been fully disbursed to customers as at the reporting date.

	2025	2024
	LAK	LAK
Unutilised overdraft	5,801,506,575	3,773,058,230
Undisbursed loans	6,579,048,921	8,357,740,000
	12,380,555,496	12,130,798,230

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.