



ທະນາຄານອິນໂດຈີນ
INDOCHINA BANK

ANNUAL REPORT 2024



- General overview of Indochina Bank
- The organizational structure
- Products and Services and Partnerships
- Financial Report
- Corporate Social Responsibility and IB's activities
- Business Unit Network

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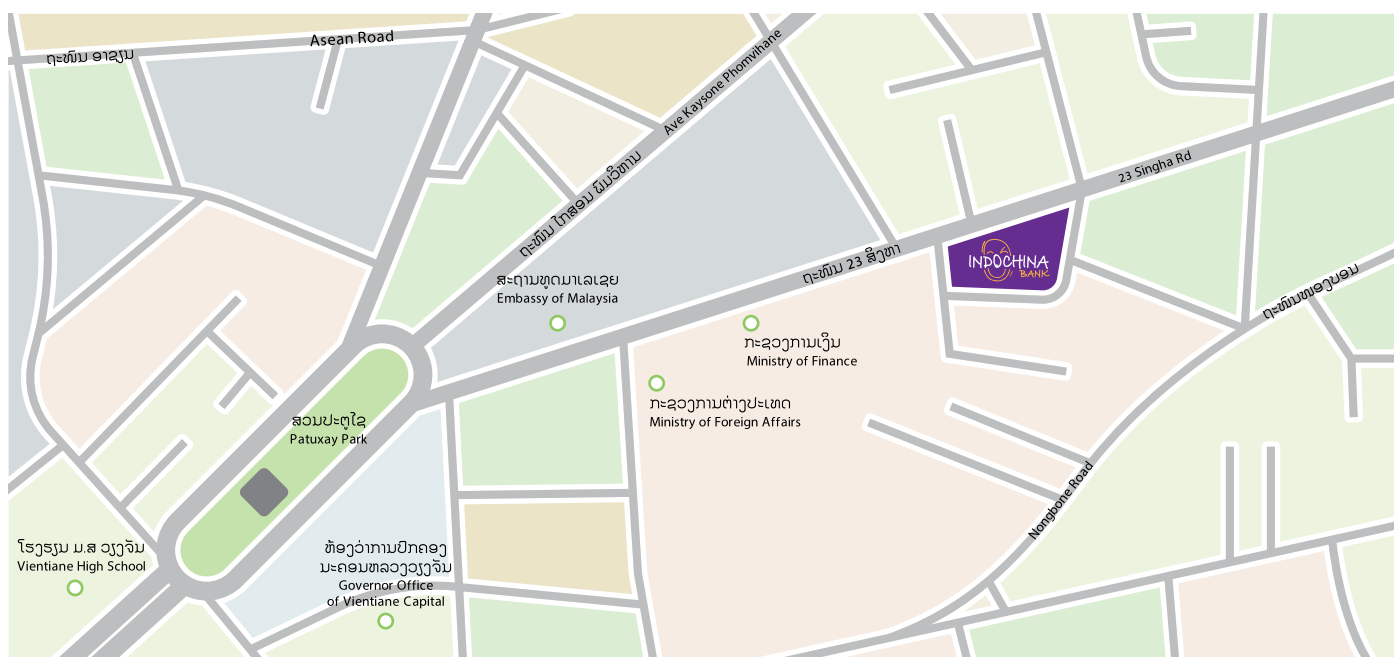
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1.1. Corporate Information

| | |
|--------------------------|--|
| Bank Name | : Indochina Bank Ltd |
| Registration No. | : 53/BOL, 28th November 2008 |
| Chairman | : Mr. Oh Sei Young |
| Managing Director | : Ms. Chanpheng Vongsombath |
| Registered Office | : 1 st – 3 rd Floor, Kolao Tower 1, 23 Singha Road, Vientiane Capital, Lao PDR |
| Contact Numbers | : Tel: +856 21 455 000-2, Fax: +856 21 455 111 |
| Website | : www.indochinabank.com |



1.2. Corporate Background

The Indochina Bank Ltd. (“IB”) is a locally incorporated commercial bank with foreign ownership. The Bank was incorporated in the Lao People’s Democratic Republic (“Lao PDR”) on May 26, 2008, in accordance with Foreign Investment License No. 070-08/PI issued by the Ministry of Planning and Investment and Banking Business License No. 53/BOL issued by the Bank of the Lao People’s Democratic Republic (“BOL”) on November 28, 2008.

Indochina Bank officially commenced its business on February 6, 2009, in Vientiane Capital. The Bank’s shareholders comprise of reputable individuals with a strong and stable financial background.

Indochina Bank was one of the very first banks in Laos to introduce automobile loans in the market and hence has enjoyed its first-mover advantage, which reflects on its success today. With the continuous growth in business and customer base, the bank has steadily transformed itself into a more digitalized bank, with more advanced products being rolled out. It has always striven for more innovative product propositions. IB Cool Banking Application was introduced to the market in November 2020. Over the last 16 years, in pursuit of sustainable success and highest customer satisfaction, Indochina Bank has already established an extensive service coverage network in key provinces from the north to the south of Laos, namely Vientiane Capital, Luangnamtha, Oudomxay, Xiengkhouang, Luangprabang, Khammouan, Bolikhamxay, Savannakhet, and Champasack.

The Bank's strategy remains focused on organic growth, with emphasis on the right combination between retail and corporate banking. The bank is committed to sustaining its strong business performance and leading private banking market shares to maintain its premier status in the Laos banking industry.

As a responsible corporate citizen, Indochina Bank is committed to its corporate social responsibility initiatives which focus on building of prosperous nation, enhancing the marketplace, promoting the workplace, and conserving the environment. The bank supports the community by participating in programs involving education and health care, as well as supporting the underprivileged. The bank will continue to seek out ways to enrich the lives of those around it by doing its part for the community.

1.3. Vision of the Bank

Indochina Bank is moving forward to establish a strong foothold in the country by making the most of the steady economic growth of the Lao People's Democratic Republic. The vision of the bank is:

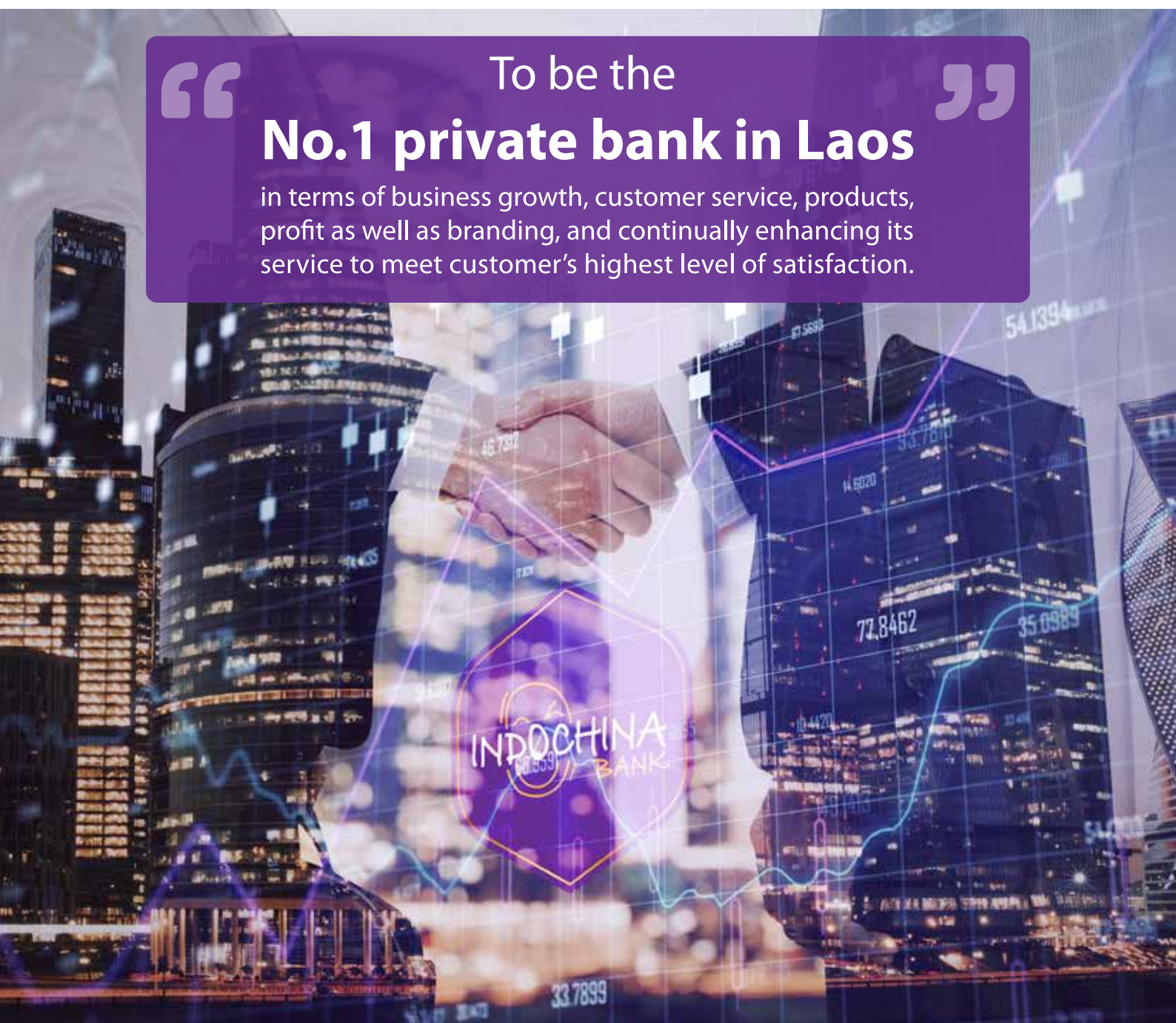
“

To be the

”

No.1 private bank in Laos

in terms of business growth, customer service, products, profit as well as branding, and continually enhancing its service to meet customer's highest level of satisfaction.



Chairman's Message

Dear Valued Shareholders, Customers, and Stakeholders,

I am delighted to inform you of the substantial accomplishments of Indochina Bank and the advancements we have made in navigating a dynamic economic landscape as we reflect on 2024. In the face of global uncertainties and financial sector challenges, our unwavering dedication to sustainable development, customer service, and innovation has allowed us to fortify our position in Laos' banking industry.

We have maintained our commitment to responsible lending, enhanced digital banking services, and expanded our customer base over the past year. Our customers' confidence in us is evident in the consistent growth of our loan portfolio and total deposits. Despite facing challenges, we have remained resilient, taking strategic measures to strengthen our financial position and safeguard long-term value for our shareholders.

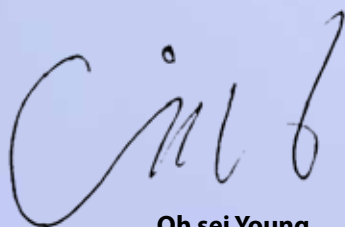
Indochina Bank is dedicated to promoting financial inclusion, investing in technology to improve banking accessibility, and supporting small and medium-sized enterprises (SMEs) to contribute to Laos' economic development. Our resilience in a regulatory environment that is constantly changing has been further enhanced by our emphasis on corporate governance, risk management, and compliance.

We are committed to our vision of becoming the premier bank in Laos by delivering exceptional value to our customers and stakeholders and providing innovative financial solutions as we progress into 2025. I am deeply appreciative of the unwavering support and confidence of our shareholders, customers, and employees in Indochina Bank.

We will persist in our efforts to establish a more sustainable and resilient future for Indochina Bank and the communities we support.

I wish you continued growth and success!

Yours sincerely,



Oh sei Young
Chairman



Managing Director's Message

It is with immense pride that I announce Indochina Bank's accomplishments for 2024 as we conclude another successful year. This year has been characterized by strategic growth, innovation, and resilience, which has further solidified our status as a trusted financial partner in Laos.

At Indochina Bank, we are committed to customer-centricity, transparency, and integrity. Our operations and interactions are guided by these fundamental values, which assist us in establishing enduring relationships with our consumers. We believe that banking is not merely about transactions; it is about comprehending the requirements of clients and offering customized solutions to help them achieve their financial objectives.

We have exhibited strong financial performance, as evidenced by consistent growth in profitability, deposits, and loans, despite the challenges posed by the global economy. Our commitment to operational efficiency, market adaptation, and digital transformation has been instrumental in maintaining this expansion.

In 2024, there were substantial increases in both loans and deposits, with loan balances increasing by 37% and deposits increasing by 36%. Our credit quality remained strong, a testament to the bank's strong risk management framework, which is crucial for its safety and soundness.

We remain dedicated to the development of innovation, the maintenance of financial stability, and the strengthening of our relationships with our stakeholders as we anticipate 2025. We will persist in our efforts to improve our banking solutions, ensure regulatory compliance, and reaffirm our dedication to corporate social responsibility.

I would like to express my sincere appreciation to all of our stakeholders for their unwavering support and confidence in Indochina Bank. We anticipate an even more prosperous future in collaboration.



Chanpheng Vongsombath
Managing Director



1.4. Management Discussion and Analysis

General overview of the year 2024

Global economic overview

In 2024, the global economy is anticipated to expand at a rate of 3.2%, as per the projections of organizations such as the IMF and Euromonitor International. This forecast is also upheld by Investec, with a modest increase to 3.3% anticipated for 2025. It was anticipated that advanced economies would experience a minor acceleration, while emergent markets and developing economies were expected to experience a modest decline. Particularly between the United States and Europe, trade tensions intensified. Market volatility and concerns regarding potential economic slowdowns were precipitated by the United States' announcement of plans to implement 25% tariffs on EU imports.

Inflation: It is anticipated that global inflation will decrease from 6.8% in 2023 to approximately 5.9% in 2024 and then to approximately 4.5% in 2025. Nevertheless, it is anticipated that core inflation will decline at a slower pace.

Monetary Policy: Central banks have been increasing interest rates to combat inflation. However, there are indications that monetary policy may be relaxed in the latter half of 2024, with the potential for rate declines in the United States and Europe. In 2024, the global economy demonstrated resilience; however, uncertainties continued to persist. Inflationary pressures, trade disputes, and geopolitical tensions were significant factors that impacted economic performance. Growth and stability were anticipated to be maintained by policymakers as they navigated these obstacles.

Lao economic overview

The Lao economy is projected to grow by approximately 4.0% to 4.1% in 2024, driven primarily by the recovery in tourism and investments in power generation and transport services. However, public debt remains a significant concern that could impede growth. The stability of the Lao kip and high inflation have eroded purchasing power and increased costs for businesses, while labor supply challenges persist due to shifts toward self-employment and overseas migration.

Despite these challenges, consumer price inflation has decreased from a peak of 41% in February 2023 to 17% in December 2024, reflecting efforts by the government to stabilize the economy. The government has launched strategic initiatives to tackle inflation and stabilize the currency, including bolstering domestic production, managing foreign exchange rates, and implementing monetary policies to control the money supply. Additionally, the establishment of a centralized foreign exchange market and measures to promote local goods aim to reduce reliance on foreign currencies and strengthen the Lao kip. These proactive steps demonstrate the government's commitment to addressing economic challenges and ensuring a more stable future for the nation.

Banking sector in Laos

The Lao banking sector demonstrated remarkable resilience and adaptability throughout 2024, effectively navigating foreign currency liquidity challenges while simultaneously embracing digital innovation. Despite limited access to international capital

markets and experiencing net outflows, the sector responded with strategic agility. The Bank of the Lao PDR (BOL) implemented prudent stabilization measures, including regulations directing foreign investors to conduct transactions through domestic banks and successful efforts to control inflation.

Concurrently, the sector achieved significant digital milestones, with 18 banks integrating into the Lao QR system (LAPNet) and enhancing domestic payment infrastructure. BOL further strengthened the country’s regional financial connectivity by establishing QR payment linkages with Cambodia, Thailand, Vietnam, and China—a testament to Laos’ commitment to financial integration within the ASEAN community. These developments position our banking sector at the forefront of digital transformation while building a more stable, accessible financial ecosystem poised for sustainable growth.

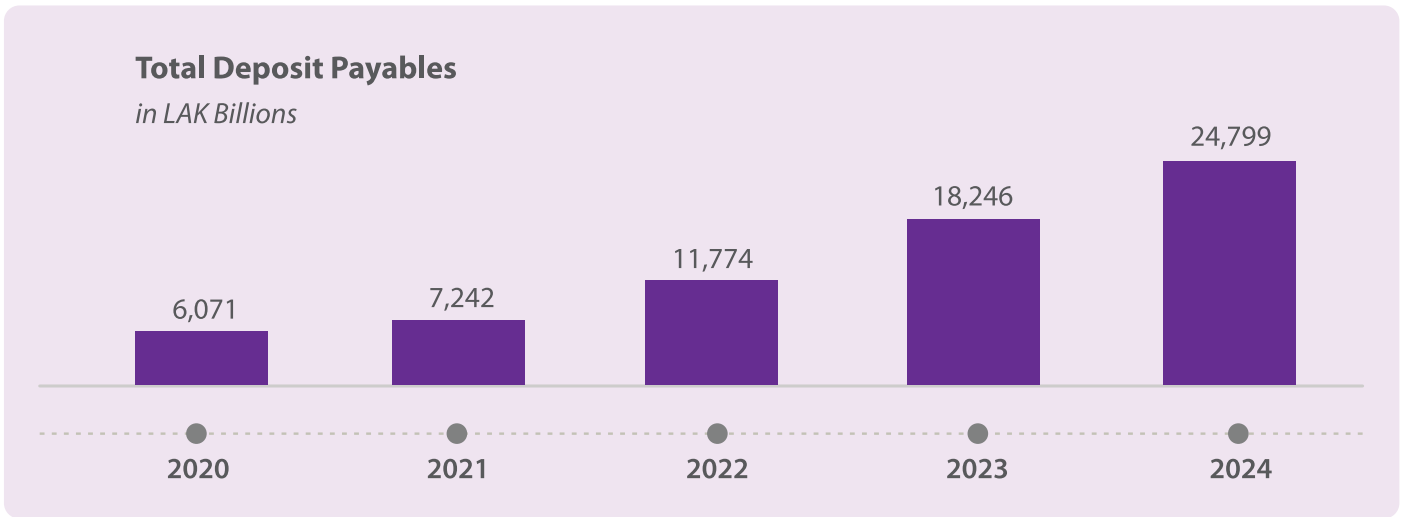
1.5. Highlights of the Business Performance of Indochina Bank 2024

IB demonstrated strong financial performance despite the challenging economic environment of 2024, which was characterized by inflationary pressures and currency fluctuations. An increase in strategic lending activities and customer deposits drove an 33% increase in total assets compared to the previous year. The bank’s liquidity position was strong, ensuring that critical sectors, including infrastructure, commerce, and small and medium-sized enterprises (SMEs), received ongoing support.

While providing competitive interest rates on both new and existing loan/deposit products, IB continues to engage customers with new products, such as Buy Now Pay Later (DainaPay) through its digital platforms, labor loans to assist workers aspiring to work abroad, upgrading the mobile application (IBcool V2.0), etc.

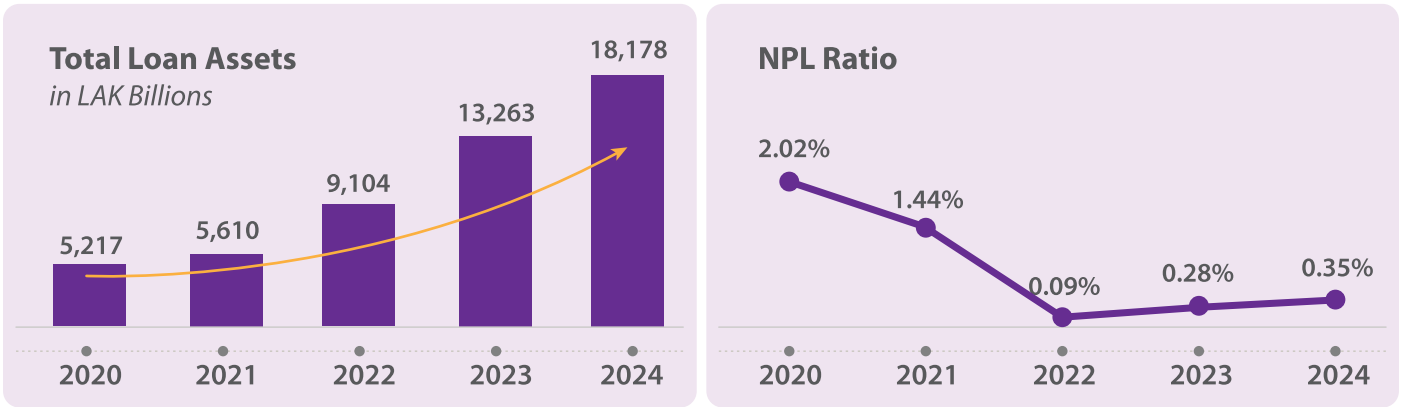
We are proud to witness the constant and increasing growth of customer trust and loyalty across all banking products, including loans, deposits, and digital and electronic banking. We will persist in our commitment to delivering exceptional customer service and fostering long-term relationships.

Deposits



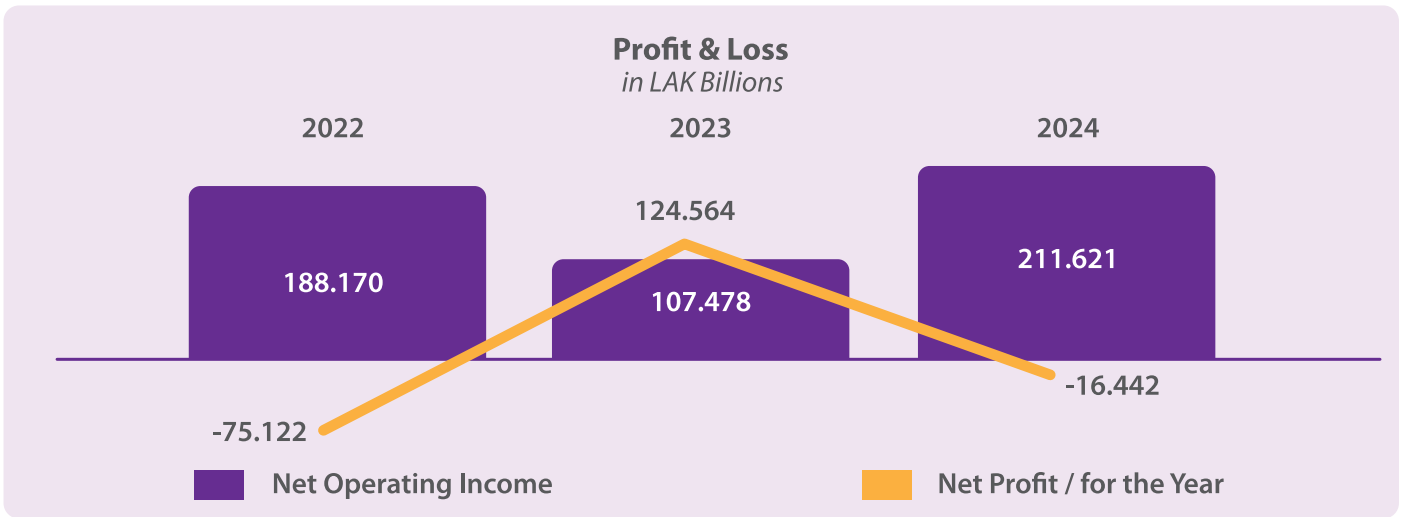
In 2024, Indochina Bank achieved a significant milestone in deposit growth, with total deposits increasing by 36% from the previous year to reach a record-high amount of LAK 24,799 billion. This impressive growth was driven by strong increases in savings and term deposits. Our strategic focus on offering competitive interest rates and providing top-notch customer service, combined with targeted marketing initiatives, was the key driver behind this success. These efforts not only attracted new depositors but also reinforced our commitment to maintaining a strong and stable deposit base. This foundation is vital to our long-term success and our ability to meet the financing needs of our community, ensuring sustainable growth and stability in the financial services we provide.

Loans



In 2024, Indochina Bank’s lending activities demonstrated remarkable resilience and growth, with total loan disbursements increasing by 37% to reach LAK 18,178 billion. This significant growth underscores our commitment to providing accessible and competitive financing options to our customers. We maintained a prudent approach to managing credit risk, ensuring portfolio quality while supporting economic development. Our non-performing loans (NPLs) remained well-managed at 0.35%, reflecting the bank’s commitment to responsible lending and proactive risk mitigation strategies. This achievement highlights our dedication to balancing growth with stability, ensuring that our lending activities contribute positively to the economic well-being of our community.

Profit & Loss



IB incurred an overall loss of LAK 16.442 billion in 2024. While the figure represents a measured adjustment from the previous year's net operating profit of LAK 124.56 billion, the bank maintained its fundamental strength and profitability amid evolving market conditions with its growing net operating income, which is an increase 97% from the previous year.

During 2024, IB strategically focused its investments on key growth drivers such as speeding up digital transformation projects, expanding physical infrastructure, putting in place a new core banking system, improving branch networks and service units, and making risk management frameworks stronger. These deliberate investments, while impacting short-term profits, have established a strong foundation for sustainable future growth and enhanced customer experience. Despite navigating external headwinds, Indochina Bank preserved its strong financial fundamentals and liquidity position, continuing to create enduring value for all stakeholders while positioning the institution for long-term success in Laos' dynamic banking landscape.

Plan and Business objective of Indochina Bank 2025

As Indochina Bank moves into 2025, our focus remains steadfast on sustainable growth, innovation, and enhancing customer experience. We are committed to strengthening our market position while adapting to evolving economic conditions and technological advancements. In 2025, we aim to enhance our lending portfolio by supporting key economic sectors, including small and medium-sized enterprises (SMEs), corporate financing, and retail lending. Simultaneously, we will focus on growing our deposit base by offering competitive savings products, improving digital banking channels, and fostering customer trust through enhanced financial services.

To maintain financial stability and resilience, we will continue to reinforce our risk management frameworks and compliance measures. This includes proactive credit risk assessment, improved fraud detection systems, and adherence to evolving regulatory requirements to safeguard both the bank and our customers.

A key objective in 2025 is to expand financial inclusion by reaching underserved communities and offering accessible banking services. We will prioritize customer-centric strategies, ensuring personalized banking experiences, faster service delivery, and innovative financial products tailored to meet diverse needs. With these strategic objectives, Indochina Bank aims to solidify its position as a leading financial institution while delivering long-term value to our customers, shareholders, and stakeholders.

Our strategy

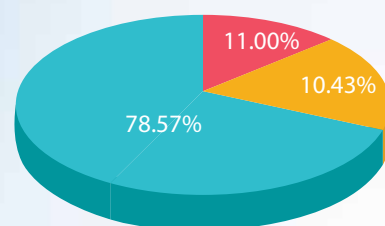
Indochina Bank's strategic vision for 2025 is rooted in innovation, resilience, and customer empowerment. We are committed to driving sustainable growth by expanding our financial services, strengthening our digital banking infrastructure, and enhancing risk management practices. By leveraging cutting-edge technology, we aim to deliver more efficient and accessible banking solutions, ensuring a seamless customer experience. At the heart of our strategy is a relentless focus on our customers, striving to create tailored banking solutions that cater to diverse financial needs.

We are investing in advanced digital technologies to modernize our banking platforms. By enhancing mobile and online banking services with advanced analytics and AI-driven solutions, we aim to deliver personalized, secure, and efficient financial services. This digital-first approach optimizes our operations and enables us to anticipate and meet evolving customer needs, fostering long-term relationships and trust.

We are committed to creating a significant impact in our communities as part of our ongoing commitment to corporate social responsibility. We endeavor to cultivate a culture of compassion and benevolence by means of various social initiatives, such as educational support, donating goods to the underprivileged, as well as donating blood donation campaigns under the "From Heart to Heart" project. Our objective is to establish an enduring, positive impact.

2.1. List of shareholders

| No. | Name of shareholders | Percentage |
|---------------|---------------------------|----------------|
| 1 | Mr. Oh Sei Young (Korean) | 78.57% |
| 2 | LVMC Investment Ltd. | 11.00% |
| 3 | Ms. Thavone Vongsombath | 10.43% |
| Total: | | 100.00% |



2.2. Board of Directors

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



Mr. Oh Sei Young

Chairman

Mr. Oh is a prominent and successful businessman in Lao PDR. He is the Founder and Chairman of Kolao Group, which was incorporated in Lao PDR in May 1997.



Mr. Tay Hong Heng

Vice Chairman

Mr. Tay started his banking career in 1976 with a reputable bank in Malaysia. For 20 years he served at domestic branches in various states in Malaysia in the capacity of Branch Manager. From 1996 to 2003 (7 years) he was appointed as the General Manager of the said bank in the Lao PDR and thereafter he was seconded as the General Director of its joint venture bank in Vietnam from 2003 to 2008 (5 years). He subsequently joined Indochina Bank as its Managing Director in 2008 until his retirement in 2021. He remains as the Vice Chairman of the Board of Director of Indochina Bank.



Ms. Thavone Vongsombath

Member

Ms. Thavone Vongsombath is considered one of the most outstanding businesswomen in the country. She started her career right after her university degree in 1999 when she joined Kolao Business as an executive assistant. She has been a major driving force behind the success of many businesses including Kolao Group. Thanks to her strong entrepreneurship and charisma as a leader, she is now holding a position of president at Kolao Group.



Mr. Bounheng SOUPHIDA

Member

Mr. Bounheng graduated from Flinders University, Australia with a Master's degree in Business Administration. He started off his banking career with Public Bank in 1998 before joining ANZ in 2007 and Indochina Bank in 2014 and presently he is the Deputy Managing Director of the Indochina Bank.



Ms. Chanpheng Vongsombath

Member

Ms. Chanpheng furthered her study at Levobskaya Engineering Economic Institute, Soviet in 1989. From 1995 to 2002 (7 years) she worked with Public Bank Bhd Vientiane Branch. Ms. Chanpheng joined Kolao as the Head of Finance Department before joining Indochina Bank in September 2008 and presently she is the Managing Director of the Indochina Bank.



Mr. Voradeth PHANPHENGDY

Member

Mr. Voradeth earned a Bachelor of Economics (Honours) and a Graduate Diploma in Computer Science from La Trobe University, Australia. His passion is banking, where he has worked on technology, disaster recovery planning, business continuity planning, market initiatives, and numerous product, technology, and people transformation projects. He joined Indochina Bank in 2019 and is the bank's Senior Deputy Managing Director at present.



Ms. Phouvanh Phudphong

Member

Ms. Phouvanh obtained her diploma in Business Administration from Pakpasak Technical College in 1998. She also completed the CPA course in 2002. She is currently the Director of Vientiane International Co, Ltd.

2.3. Board of Management

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

| Name | Position | Date of Appointment |
|---------------------------|--------------------------------------|------------------------------|
| Ms. Chanpheng Vongsombath | Managing Director | Appointed on 01 January 2022 |
| Mr. Voradeth Phanphengdy | Senior Deputy Managing Director | Appointed on 01 January 2024 |
| Mr. Bounheng Souphida | Deputy Managing Director | Appointed on 01 January 2022 |
| Mr. Sung Kiyoon | Deputy Managing Director | Appointed on 08 January 2024 |
| Mr. Jang Woo Jin | Head of Credit Division | Appointed on 01 June 2023 |
| Mr. Inpone Bounkhampasong | Head of Tech and Enablement Division | Appointed on 01 June 2023 |
| Ms. Phandany Phothisane | Head of Sale and Marketing Division | Appointed on 01 June 2023 |
| Ms. Hong Phanith | Head of Management Support Division | Appointed on 01 June 2023 |

2.4. Other Committees

1. Governance Committee

| Name | Position | Date of Appointment |
|---------------------------|-------------|------------------------------|
| Mr. Oh Sei Young | Chairperson | Appointed on 01 January 2023 |
| Ms. Thavone Vongsombath | Member | Appointed on 01 January 2023 |
| Ms. Chanpheng Vongsombath | Member | Appointed on 01 January 2023 |
| Mr. Jang Woo Jin | Member | Appointed on 01 January 2023 |
| Mr. Voradeth Phanphengdy | Member | Appointed on 01 January 2023 |

2. Audit Committee

| Name | Position | Date of Appointment |
|---------------------------|-------------|------------------------------|
| Ms. Phouvanh Phudphong | Chairperson | Appointed on 01 January 2023 |
| Ms. Chanpheng Vongsombath | Member | Appointed on 01 January 2023 |
| Mr. Bounheng Souphida | Member | Appointed on 01 January 2023 |
| Mr. Voradeth Phanphengdy | Member | Appointed on 01 January 2023 |
| Ms. Hong Phanith | Member | Appointed on 01 January 2023 |

3. Risk Management Committee

| Name | Position | Date of Appointment |
|----------------------------|-------------|------------------------------|
| Mr. Bounheng Souphida | Chairperson | Appointed on 01 January 2023 |
| Ms. Chanpheng Vongsombath | Member | Appointed on 01 January 2023 |
| Mr. Voradeth Phanphengdy | Member | Appointed on 01 January 2023 |
| Ms. Malayphone Saksathith | Member | Appointed on 01 January 2023 |
| Mr. Inpone Bounkhamprasong | Member | Appointed on 01 January 2023 |
| Ms. Phandany Phothisane | Member | Appointed on 01 January 2023 |
| Ms. Hong Phanith | Member | Appointed on 01 January 2023 |

4. Loans Committee

| Name | Position | Date of Appointment |
|---------------------------|-------------|------------------------------|
| Ms. Chanpheng Vongsombath | Chairperson | Appointed on 01 January 2023 |
| Mr. Jang Woo Jin | Member | Appointed on 01 January 2023 |
| Mr. Bounheng Souphida | Member | Appointed on 01 January 2023 |
| Mr. Voradeth Phanphengdy | Member | Appointed on 01 January 2023 |

5. HR Committee

| Name | Position | Date of Appointment |
|---------------------------|-------------|------------------------------|
| Ms. Hong Phanith | Chairperson | Appointed on 01 January 2023 |
| Ms. Chanpheng Vongsombath | Member | Appointed on 01 January 2023 |
| Mr. Voradeth Phanphengdy | Member | Appointed on 01 January 2023 |
| Mr. Bounheng Souphida | Member | Appointed on 01 January 2023 |
| Mr. Jang Woo Jin | Member | Appointed on 01 January 2023 |



PART 3

Products and Services and Partnerships

3.1. Products



ຈ່າຍຜ່ອນໄດ້ນ່າ...!
ໜັດກົງວິນນ່າທຸກຄ່າໃຊ້ຈ່າຍ
ຜ່ານແອັບ IB Cool ເທົ່ານັ້ນ

• ຜ່ານ 20,000 ຮ້ານຄ້າທົ່ວປະເທດ ທີ່ມີ QR ຂອງທະນາຄານອິນໂດຈີນ

IBCOHINA
“ທະນາຄານອິນໂດຈີນ ສົມຄຸນໃຫ້ທ່ານມີໂລກອຸດົມສຳພູນ”
020 5855 3117
1551



IB ມອບໂອກາດ
ການສຶກສາໃຫ້ກັບທຸກຄົນ
ສິນເຊື່ອເນື້ອການສຶກສາ

ປິດລິ້ນການສຶກສາເນື້ອອະນາຄົດທີ່ເສດໃຊ້
020 58553117



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ດອກເບ້ຍ ທີ່ດຳລະຫວ່າດ
TURBO RATES

ຝາກປະຈຳ ສະກຸນເງິນກີບ
ຮັບດອກເບ້ຍສູງເຖິງ

12.5% ຕໍ່ປີ

*ເງື່ອນໄຂ ແລະ ໄລຍະເວລາ ເປັນໄປຕາມທະນາຄານກຳມິດ



ມີບັນຊີຝາກປະຢັດ
ເໝືອນມີ ປະກັນໄພຊີວິດ

ມີຝາກປະຢັດອຸ່ນໃຈ
ເໝືອນມີປະກັນໄພໃນໂຕ

ວົງເງິນຄຸ້ມຄອງສູງເຖິງ **10,000** ໂດລາ

| ສະກຸນເງິນຝາກ | ກີບ | ໂດລາ | ບາດ |
|------------------|---------|------|-----|
| ເງິນຝາກເລີ່ມຕົ້ນ | 100,000 | 10 | 500 |

IBCOHINA
“ທະນາຄານອິນໂດຈີນ ສົມຄຸນໃຫ້ທ່ານມີໂລກອຸດົມສຳພູນ”
021 455 000

ນຳໃຊ້ IB Cool
ສະແກນຈ່າຍໄດ້ Point
ແລກຮັບຂອງລາງວັນ

INDOCHINA BANK ສະມາຄານພິມໂຄຈິນ
"ທະນາຄານພິມໂຄຈິນ ສົມຈິຕິທຳມະໄຊທະກວ່າ"

IB Cool

ອະນາຄົດ ກຳນົດເອງ
save ບັນຊີເງິນຝາກເພື່ອການສຶກສາ
ຈາກທະນາຄານພິມໂຄຈິນ

FREE
ປະກັນໄພອຸບັດຕິເຫດສ່ວນບຸກຄົນ
ວົງເງິນຄຸ້ມຄອງສູງເຖິງ **10,000\$**

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- ✓ ຊື້ດິນເປົ່າວ່າງ
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3.2. Services

VIP Department



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VIP
ຫ້ອງຮັກສາສະໜອງໂຕ
* ມູນອາໄສສະໜອງ *



VIP
ຫ້ອງຮັກສາສະໜອງ
* ສະໜອງໂຕ *



VIP
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* ມູນຢູ່ຫ່ວງ *

VIP Dinner Appreciation 2024



3.3. Partnerships

Grand Opening KokKok Station



IB Partner Care



MOU Signing for Labor loan



MRT Robot Tournament 2024



4.1. History of External Auditors

- 2009 and 2010 the Bank was audited by KPMG Lao Co., Ltd
- 2011 to 2017 the Bank was audited by Ernst & Young Lao Ltd
- 2018 to 2022 the Bank was audited by KPMG Lao Co., Ltd
- 2023 to 2024 the Bank was audited by Ernst & Young Lao Ltd

4.2. Audited Financial Reports

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of Indochina Bank Limited

Opinion

We have audited the financial statements of Indochina Bank Limited ("the Bank"), which comprise the statement of financial position as at 31 December 2024, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Emphasis of Matters – Basis of Accounting

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

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with management 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.



Ernst & Young Lao Co., Ltd.

Vientiane, Lao PDR

26 May 2025

INCOME STATEMENT

for the year ended 31 December 2024

| Code | ITEMS | Notes | 2024 LAKm | 2023 LAKm |
|-----------|--|-------|--------------|--------------|
| A. | OPERATING INCOME AND EXPENSES | | | |
| 1. | Interest and similar income | 3 | 1,566,717 | 1,022,612 |
| 2. | Interest and similar expenses | 3 | (1,453,029) | (985,741) |
| I. | NET INTEREST AND SIMILAR INCOME | | 113,688 | 36,871 |
| 3 | Fee and commission income | 4 | 109,118 | 78,465 |
| 4 | Fee and commission expense | 4 | (11,185) | (7,858) |
| II. | NET FEE AND COMMISSION INCOME | | 97,933 | 70,607 |
| | NET OPERATING INCOME | | 211,621 | 107,478 |
| B | OTHER INCOME AND EXPENSES | | | |
| 5 | Net loss from dealing in foreign currencies | 5 | (6,815) | (86,232) |
| 6 | Other operating income | 6 | 33,224 | 20,946 |
| 7 | Administration expenses | | (182,168) | (162,222) |
| 7.1 | Payroll and other staff costs | 7 | (113,306) | (109,607) |
| 7.2 | Other administrative expenses | 8 | (68,862) | (52,615) |
| 8 | Depreciation and amortization charges | | (11,032) | (11,615) |
| 9 | Other operating expenses | 9 | (61,608) | (43,520) |
| 10 | Provision charged for non-performing loans | 15.2 | (3,898) | (2,467) |
| B | OTHER INCOME AND EXPENSES | | | |
| 11 | Share of profit/(loss) of associates and joint venture | 14 | 309 | (3,202) |
| 12 | Loss on sale of equity instrument investment | | (13,090) | - |
| 13 | Net change in fair value of equity instrument investment | | - | 309,023 |
| III. | TOTAL (LOSS)/PROFIT BEFORE TAX | | (33,457) | 128,189 |
| 14 | Current profit tax | 22.2 | - | - |
| 15 | Defer tax income/(expenses) | 22.4 | 17,015 | (3,625) |
| | NET (LOSS)/PROFIT | | (16,442) | 124,564 |

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024

| Code | ITEMS | Notes | 2024 LAKm | 2023 LAKm |
|----------|--|-------------|------------------|----------------|
| A | (LOSS)/PROFIT FOR THE YEAR | | (16,442) | 124,564 |
| | Net loss on equity instruments designated at fair value through other comprehensive income | 13.2 | (275,964) | - |
| | Tax related to components of other comprehensive income | 22.4 | (8,808) | - |
| | OTHER COMPREHENSIVE INCOME, NET OF TAX | | (284,772) | - |
| | TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX | | (301,214) | 124,564 |

STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

| Code | ASSETS | Notes | 31/12/2024 LAKm | 31/12/2023 LAKm |
|------------|--|-------------|--------------------|--------------------|
| | Cash and balances with the BOL | | 4,774,006 | 3,648,215 |
| 1 | Cash on hand | 10 | 371,626 | 348,872 |
| 2 | Balances with the BOL | 11 | 4,402,380 | 3,299,343 |
| II | Due from other banks | | 978,063 | 648,404 |
| 1 | Demand deposits | 12.1 | 456,553 | 578,820 |
| 2 | Term deposits | 12.2 | 521,510 | 69,584 |
| III | Investment securities | | 1,086,903 | 1,461,607 |
| 1 | Held to maturity securities | 13.1 | 646,500 | 613,980 |
| 2 | Equity instrument investment - FVTPL | 13.2 | - | 847,627 |
| 3 | Equity instrument investment - FVOCI | 13.2 | 440,403 | - |
| IV | Investments in associates and joint venture | 14 | 77,489 | 57,148 |
| V | Loans to customers, net of specific provision | 15.1 | 18,150,580 | 13,246,688 |
| VI | Fixed assets, Intangible assets and Right-of-use assets | | 200,700 | 162,409 |
| 1 | Intangible assets | 16.1 | 11,926 | 4,814 |
| 2 | Construction in progress | 16.2 | 28,376 | 3,334 |
| 3 | Property and equipment | 16.3 | 39,048 | 30,308 |
| 4 | Right-of-use assets | 16.4 | 121,350 | 123,953 |
| VII | Other assets | | 1,948,946 | 1,280,828 |
| 1 | Accrued interest receivables | 17 | 1,185,934 | 620,454 |
| 2 | Deferred tax assets | 22.4 | 2,617 | 2,555 |
| 3 | Other assets | 18 | 760,395 | 657,819 |
| | TOTAL ASSETS | | 27,216,687 | 20,505,299 |

STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

| Code | ASSETS | Notes | 31/12/2024 LAKm | 31/12/2023 LAKm |
|------------|--|-----------|--------------------|--------------------|
| I | Due to banks and financial institutions | 19 | 800,469 | 242,721 |
| 1 | Demand and saving deposits | | 14,661 | 20,998 |
| 2 | Term deposits and other payables | | 785,808 | 221,723 |
| II | Due to customers | 20 | 24,857,766 | 18,667,594 |
| 1 | Demand deposits | | 656,244 | 369,610 |
| 2 | Saving deposits | | 1,588,380 | 1,285,416 |
| 3 | Term deposits | | 21,754,179 | 16,348,253 |
| 4 | Other payable to customers | | 858,963 | 664,315 |
| III | Other liabilities | | 1,018,358 | 778,418 |
| 1 | Accrued interest payables | 21 | 928,526 | 663,231 |
| 2 | Lease liabilities | 16.4 | 34,188 | 33,191 |
| 3 | Tax payable | 22.1 | 97 | - |
| 4 | Deferred tax liabilities | 22.4 | 8,808 | 16,953 |
| 5 | Other payables | 23 | 46,739 | 65,043 |
| | TOTAL LIABILITIES | | 26,676,593 | 19,688,733 |
| IV | Capital and reserves | | | |
| 1 | Paid-up capital | 24 | 518,856 | 517,932 |
| 2 | Regulatory reserve | | 65,135 | 65,135 |
| 3 | General provision for credit activities | 15.2 | 89,543 | 65,725 |
| 4 | Other comprehensive income | | (284,772) | - |
| 5 | Retained earnings | | 148,595 | 165,037 |
| 6 | Reserve for business expansion | | 332 | 332 |
| 7 | Other reserves | | 2,405 | 2,405 |
| | TOTAL CAPITAL | | 540,094 | 816,566 |
| | TOTAL LIABILITIES AND CAPITAL | | 27,216,687 | 20,505,299 |



Ms Chanpheng Vongsombath

Managing Director

Vientiane, Lao PDR, 26 May 2025

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

| | Paid-up capital LAKm | Legal reserve LAKm | General provision for credit activities LAKm | Other compre- hensive income LAKm | Retained earnings LAKm | Reserve for business expansion LAKm | Other reserves LAKm | Total LAKm |
|---|-------------------------|-----------------------|--|---|------------------------------|---|---------------------------|----------------|
| Balance as at 1 January 2023 | 477,000 | 52,679 | 45,060 | - | 86,005 | 332 | 2,405 | 663,481 |
| Capital injection during the year from shareholders | 40,932 | - | - | - | - | - | - | 40,932 |
| Net profit for the year | - | - | - | - | 124,564 | - | - | 124,564 |
| Appropriation for legal reserve | - | 12,456 | - | - | (12,456) | - | - | - |
| Deferred tax adjustment | - | - | - | - | (10,772) | - | - | (10,772) |
| Prior year's tax advance adjustment | - | - | - | - | (22,304) | - | - | (22,304) |
| General provision charged for the year | - | - | 12,170 | - | - | - | - | 12,170 |
| Foreign exchange difference | - | - | 8,495 | - | - | - | - | 8,495 |
| Balance as at 31 December 2023 | 517,932 | 65,135 | 65,725 | - | 165,037 | 332 | 2,405 | 816,566 |
| Balance as at 1 January 2024 | 517,932 | 65,135 | 65,725 | - | 165,037 | 332 | 2,405 | 816,566 |
| Net loss for the year | - | - | - | - | (16,442) | - | - | (16,442) |
| General provision charged for the year | - | - | 21,886 | - | - | - | - | 21,886 |
| Net fair value loss on equity instruments designated | | | | | | | | |
| at fair value through other comprehensive income | - | - | - | (275,964) | - | - | - | (275,964) |
| Tax related to components of other comprehensive income | - | - | - | (8,808) | - | - | - | (8,808) |
| Adjustment related to share capital | 924 | - | - | - | - | - | - | 924 |
| Foreign exchange difference | - | - | 1,932 | - | - | - | - | 1,932 |
| Balance as at 31 December 2024 | 518,856 | 65,135 | 89,543 | (284,772) | 148,595 | 332 | 2,405 | 540,094 |

STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

| ITEMS | Notes | 2024 LAKm | 2023 LAKm |
|---|-------|------------------|------------------|
| Cash flows from operating activities | | | |
| Net (loss)/profit before tax | | (33,457) | 128,189 |
| Depreciation and amortization expenses | | 11,032 | 11,615 |
| Provision for credit losses | 15.2 | 29,728 | 14,162 |
| Interest income | 3 | (1,566,717) | (1,022,612) |
| Interest expense | 3 | 1,453,029 | 985,741 |
| Share of (profit)/loss of associates and joint venture | 14 | (309) | 3,202 |
| Loss from sale of equity instrument | | 13,090 | - |
| Gain on subsequent measurement of equity instrument designation at FVTPL | | - | (309,023) |
| Operating loss before changing in operating assets and liabilities | | (93,604) | (188,726) |
| (Increase)/decrease in operating assets | | | |
| Balances with other banks | | (842,960) | (657,733) |
| Loans and advances to customers | | (4,909,802) | (4,160,114) |
| Other assets | | (17,775) | (146,432) |
| Increase/(decrease) in operating liabilities | | | |
| Due to other banks | | 557,748 | 65,018 |
| Due to customers | | 6,190,172 | 6,601,997 |
| Other liabilities | | (17,148) | 42,758 |
| Profit tax paid during the year | | - | (11,849) |
| Interest received | | 1,001,237 | 480,520 |
| Interest paid | | (1,187,734) | (738,272) |
| Net cash flows from operating activities | | 680,134 | 1,287,167 |
| INVESTING ACTIVITIES | | | |
| Payments to acquire property and equipment | | (49,644) | (24,293) |
| Acquisition of right-of-use assets | | - | (6,319) |
| Investment in associates and joint venture | 14 | (22,000) | (2,000) |
| Withdrawal investment in associate | | 4,000 | - |
| Net cash flows used in investing activities | | (67,644) | (32,612) |
| FINANCING ACTIVITIES | | | |
| Capital contribution | | - | 40,932 |
| Net cash flows from financing activities | | - | 40,932 |
| Net change in cash for the year | | 612,490 | 1,295,487 |
| Cash at the beginning of year | | 3,350,710 | 2,055,223 |
| Cash at the end of year | | 3,963,200 | 3,350,710 |

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2024 and for the year then ended

1. CORPORATE INFORMATION

Establishment and operations

Indochina Bank Limited (“the Bank”) is a foreign owned, locally incorporated commercial bank. The Bank was incorporated in Lao People’s Democratic Republic (“Lao PDR”) under Banking Business License No.53/BOL granted by Bank of the Lao People’s Democratic Republic (“BOL”) on 28 November 2008 and under a Foreign Investment License No.217-11/PI granted by the Ministry of Planning and Investment on 31 August 2011.

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

Paid-up capital

The actual paid-up capital as at 31 December 2024 is LAK 518,856,000,000 (31 December 2023: 517,932,000,000).

Location

The Bank’s Head Office is located at 1 - 3 Floor, Kolao Tower, 116, 23 Singha Road, P.O Box 6029, Nongbone Village, Saysettha District, Vientiane Capital, Lao PDR. As at 31 December 2024, the Bank has 1 Head office, 2 branches, and 9 services units in Lao PDR.

Employees

Total employees of the Bank as at 31 December 2024 were 267 people (31 December 2023: 258 people).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance

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

2.2. Basis of preparation

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

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

Hyperinflationary Economies

As of 31 December 2024, the cumulative inflation rate in Lao PDR over the past 36 months has exceeded 100%, categorizing the country as a hyperinflationary economy, according to the BOL report (<https://www.bol.gov.la/en/inflation>). On 26 March

2025, Bank of the Lao PDR has released official letter No. 0031/AFD, stating that the commercial banks that has fully adopted the International Financial Reporting Standard (IFRS) needs to apply IAS29 to address the effects of hyperinflation. As the Bank's current financial statements have not been prepared in accordance with IFRS, IAS 29 is not applicable for the year ended 31 December 2024.

Fiscal year

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

2.3. Changes in accounting policies

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

2.4. Recognition of interest income and expenses

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

The recognition of accrued interest income is suspended when the loans become non-performing (See Note 2.10) for the definition of non-performing loans) or when management believes that the borrower has no ability to repay the interest and principal. Interest income on such loans is only recorded in the income statement upon actually received.

2.5. Recognition of fee and commission

Fee and commission consist of fees received for fund transfer (including trade settlement), fee arising for foreign currency exchange transactions.

Fee and commissions are recognized into income statement on cash basis.

2.6. Cash and cash equivalents

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

2.7. Investment in securities

Convertible bond

Convertible bonds are initially recognized at cost and subsequently presented at cost. Interest income on convertible bonds is recognized in the income statement on accrual basis using the straight-line method with nominal interest rate stipulated in the bond purchase agreement.

Convertible bonds are converted to equity shares of the issuing company at the predetermined conversion price or redeem the bonds at their face value. These bonds only give rights to the Bank and not an obligation to convert into shares.

Periodically, convertible bonds are subject to review for impairment. Provision for impairment of these bonds is made when there has been a significant or prolonged decline in the fair value below their cost. Provision for impairment is recognized as "Net gain/(loss) from convertible bond in the income statement".

Equity instrument investment – Fair value through profit or loss

Equity instrument investment includes listed equities. Listed equities are measured at fair value through profit or loss.

Up to 31 December 2023, the Bank uses closing price of the stock as at the last business day of the year to determine fair value of the investments and recorded subsequent change in fair value in profit or loss ("FVTPL").

Equity instrument investment – Fair value through other comprehensive income

Equity instrument investment includes listed equities. Listed equities are measured at fair value through other comprehensive income ("FVOCI") in 2024.

In 2024, the Bank uses closing price of the stock as at the last business day of the year to determine fair value of the investments and recorded subsequent change in fair value in other comprehensive income ("FVOCI").

Upon derecognition of an equity instrument that is not held for trading, any cumulative gain or loss previously recognized in other comprehensive income is not reclassified to profit or loss but is transferred to retained earnings. There is no impairment assessment for equity instruments classified as fair value through other comprehensive income.

2.8. Investment in associates and joint venture

The Bank has an interest in associates in which the Bank holds 20 percent or more of the voting right in the investee and has significant influence but does not have control over the financial and operating policies. The Bank also has an interest in joint ventures in which the Bank holds joint control as per mutual agreement.

The Bank has interests in joint ventures, which are jointly controlled entities, whereby the ventures have a contractual arrangement that establishes joint control over the economic activities of the entities. The arrangement requires unanimous agreement for financial and operating decisions among the ventures.

The Bank recognises its interest in the associates and joint ventures using the equity method. Under the equity method, the investment in associates and joint ventures is initially recognised at cost in the statement of financial position, and the carrying amount is increased or decreased to recognise the Bank's share of profit or loss of the investee after the date of acquisition. Dividend received from an investee reduce the carrying amount of the investment.

2.9. Loans to customers

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

2.10. Classification of and provision for credit activities

Loan classification

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

Provision

In accordance with BOL512 and OL898, the Bank creates provision for loans based on their classification groups as follows:

| Group | Provision rate | Provision type (i) | Accounting for provision balance (ii) | Accounting for changes in provision balance (iii) |
|-------------------------|----------------|--------------------|---------------------------------------|---|
| <i>Performing loans</i> | | | | |
| A | 0.5% | General | In equity | Other operating expense |
| B | 3.0% | Specific | Deducted to loan balance | Other operating expense |
| <i>NPLs</i> | | | | |
| C | 20.0% | Specific | Deducted to loan balance | Net provision for NPLs |
| D | 50.0% | Specific | Deducted to loan balance | Net provision for NPLs |
| E | 100.0% | Specific | Deducted to loan balance | Net provision for NPLs |

(i) Provision amount is calculated by the following formulas:

a. General provision = Provision rate x Loan outstanding balance

b. Specific provision = Provision rate x (Loan outstanding balance – discounted value of collateral)

where the Bank has opted to not include the discounted value of collateral in the provision calculation as allowed by BOL512 and OL898.

(ii) The balance of provision for loans classified into Group A is recorded in the balance sheet in “General provision” under capital and reserves of the Bank.

Accumulated balance of provision for loans classified into Group B and NPL is recorded in the balance sheet in “Loans to customers, net of specific provision”.

(iii) Changes in provision for performing loans are recorded to the income statement as “Other operating expenses” for provision expense and “Other operating income” for reversal of provision expense.

Changes in provision for NPLs are recorded to the income statement as “Provision for non-performing loans”.

2.11. Fixed assets

Fixed assets include tangible fixed assets and intangible fixed assets. Tangible fixed assets consist of building improvements, office equipment, furniture and fixtures, motor vehicles and IT equipment. Intangible fixed assets include software.

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

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

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

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

2.12. Lease

Right-of-use assets

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

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

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

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

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

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

The Bank as a lessee

Leases, where all the risks and benefits of ownership of the leased items are not transferred substantially to the Bank are operating leases. Operating lease payments are recognized as an expense in the profit or loss on a straight-line basis over the lease term. Contingent rental payable is recognized as an expense in the period in which they are incurred.

2.13. Depreciation and amortization

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

| | |
|---------------------------------|-----|
| Tangible fixed assets: | |
| Building & improvement | 10% |
| Office equipment | 20% |
| Furniture & fixtures | 20% |
| Motor vehicles | 20% |
| IT Equipment | 20% |
| Intangible fixed assets: | |
| Software | 20% |

2.14. Other receivables

Other receivables include receivable from selling of bad debts to Lanexang leasing company limited. The receivable is recognised at cost and presented at outstanding balance as at the reporting date. Other receivables are not subjected for impairment review.

2.15. Reserves

Under the requirement of the Law on commercial Bank dated 17 July 2023, commercial banks are required to appropriate net profit to the following reserves:

- Regulatory reserve fund
- Business expansion fund and other funds




In accordance with Article 154, Enterprise Law dated 29 December 2022, the Bank is required to appropriate 10% of profit after tax each year to regulatory reserve fund. When this reserve fund reaches 50% of the registered capital, the Bank may suspend such provision, unless otherwise provided by the laws.

The Business expansion fund and other funds shall be created upon the decision of the Board of Management. Accordingly, the Bank has made the following reserves for the year ended 31 December 2024:

| Reserve | % of profit after tax (less accumulated losses, if any) |
|-------------------------|--|
| Regulatory reserve fund | 10 |
| Business expansion fund | - |

2.16. Foreign currency transactions

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

| | 31/12/2024 LAKm | 31/12/2023 LAKm |
|---|--------------------|--------------------|
|  United State Dollar (“USD”) | 21,550 | 20,466 |
|  Thai Baht (“THB”) | 627 | 639 |
|  Euro (“EUR”) | 22,450 | 22,618 |

2.17. Profit tax

Current tax

The Bank is obliged to pay profit tax at rate of 20% of total profit before tax in accordance with the new Tax Law No.67/NA dated 18 June 2019 which is effective on or after 1 January 2020. Accordingly, the Bank is subject to the tax rate of 20% for the year ended 31 December 2024 (2022: 20%). The Bank’s tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations in many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities. In case there is change in tax obligation as requested by tax authorities, the Bank makes adjustment for the amount changed into income statement if the change due to current year tax obligation and into retained earning if the change relating to previous year’s tax obligation.

Deferred tax

Deferred tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

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

2.18. Employee benefit

Post-employment benefits

Post-employment benefits are paid to retired employees of the Bank by the Social Security Fund Department which belongs to the Ministry of Labor and Social Welfare. The Bank is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at an amount equivalent to 6% of employee's basic salary on a monthly basis.

Additionally, each month the Bank contributes 6% and each employee contributes 4% of the employee's monthly basic salary into the staff provident fund. The maximum monthly contribution by the Bank per employee is 500 USD. The benefit is available to each employee in full amount after surpassing a fifteen-year mandatory period or each employee's total contribution plus interest earned in his/her account if the employee resigns before the mandatory period.

The Bank has no further obligation concerning post-employment benefits for its employees other than this.

Termination benefits

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

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

For the termination of an employment contract on any of the above-mentioned grounds, the employer must pay a termination allowance which is calculated on the basis of 10% of the last salary or wage multiplied by the total number of months worked. As at 31 December 2024, there are no employees of the Bank who were dismissed under the above-mentioned grounds; therefore the Bank has not made a provision for termination allowance in the financial statements.

PART 5

Corporate Social Responsibility and IB's activities

Flooding in Luangnumtha Donation



Blood Donation Campaign



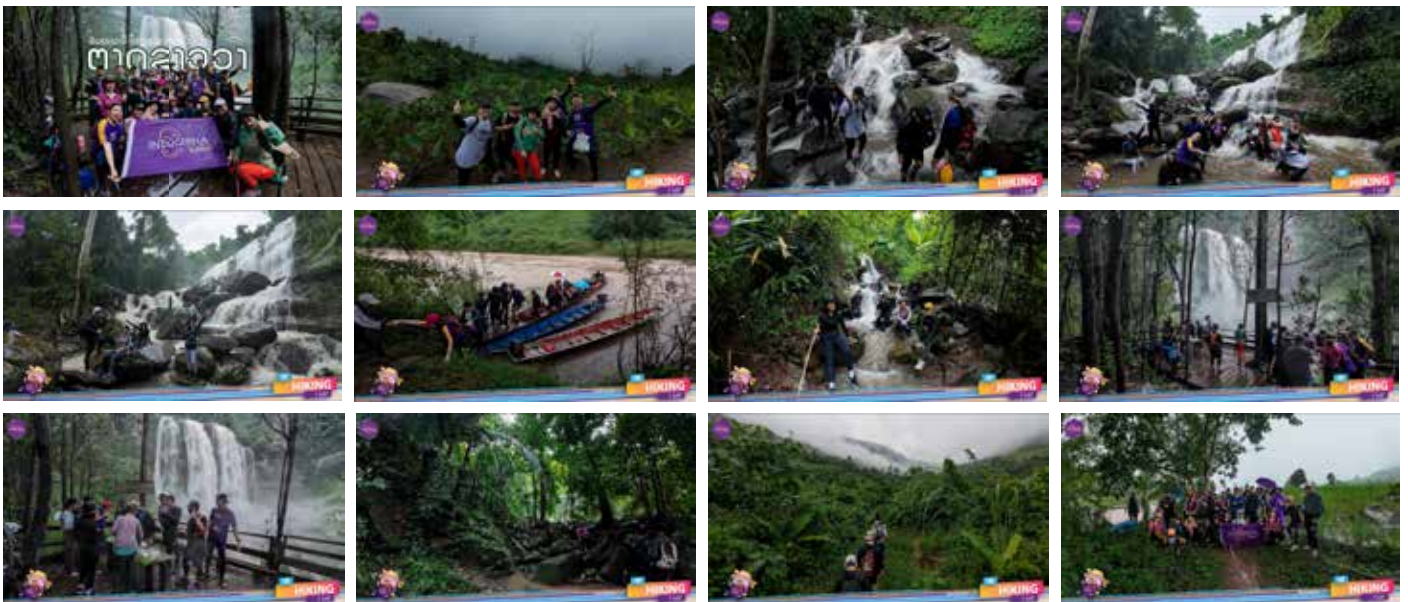
Thatluang Festival



IB Bank Open House



IB Hiking



Lao New Year





6.1. Map of all Branches and Service Units within country



6.2. Location of the Branches and Service Units

Vientiane Capital



Main Branch

Address: Capital Tower, 116, 23 Singha Road, P.O. Box 6029, Tel.: (+856-21) 455 000-2 Fax: (+856-21) 455 111



Auto City Service Unit

Address: Asean Road, Ban Nakham, Sikhottabong District, Phone: (+856-21) 520 702-4, Fax: (+856-21) 520 705



Xaymoungkhoun Service Unit

Address: Ban Xaymoungkhoun, Road No. 13 North, Naxaithong District Phone: (+856-21) 612471-2 Fax: (+856-21) 612 473



Taladlao Service Unit

450 Years Road, Saphangmuek Village, Xaythany District, Phone: (+856 21) 455 000-298-9



KOKKOK M Service Unit

Address: Phonsinuan Village, Xaysettha District Phone: (+856-21) 455 000, Fax: (+856-21) 455 111



Champasack Province , Pakse Branch

Address: Ban Phonekhoun, Pakse,
Phone: (+856-31) 260 300-4, Fax: (+856-31) 260 305



Savannakhet Province, Savannakhet Branch

Address: Huameuangtai Village, Kaysone Phomvihane District,
Phone:(+856-41) 250 000-4 Fax: (+856 41) 250 0005



Luang Namtha Province, Luang Namtha Service Unit

Address: Phonxay Village, Luang Namtha District,
Phone: (+856-86) 212 256-7, Fax: (+856-86) 212 258



Xiengkhuang Province, Xiengkhuang Service Unit

Address:Xaysana Road, Ban Theun, Paek District,
Phone: (+856-61) 313 000-1, Fax: (+856 61) 313 002



Khammouan Province, Thakhek Service Unit

Address: Vientiane Rd, Ban Nabong, Thakhek District,
Phone: (+856-51) 215 030-1



Bolikhamxay Province, Paksan Service Unit

Address: 13 South Road, Sivilay Village, Paksan District,
Phone: (+856-54) 212 401-2



Luangprabang Province, Luangprabang Service Unit

Address: Kingkitsarath road, Ban Aphay, luangprabang City
Phone: (+856-71) 215 000-1



Oudomxay Province, Oudomxay Service Unit

Northern Highway No. 13, Ban Navannoy, Xay District,
Phone: (+856-81) 260 023-5, Fax: (+856-81) 260 026



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