Banque Franco - Lao Limited

Financial statements for the year ended
31 December 2024
And
Independent Auditors' Report

Banque Franco - Lao Limited

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Banque Franco - Lao Limited

Corporate Information

Bank	Banque Franco - Lao Limited	
Investment License No.	124-10/MPI4, dated 07 SEP 2010	
Enterprise License No.	Enterprise Registration Certificate No.1801/ERO, dated 27 May 2024	
Board of Directors	Mr. Regis Barriac	Chairman
	Mr. Nanthalath Keopaseuth	Deputy Chairman
	Mr. Jean-Paul Julia	Director
	Mr. Guillaume Perdon	Director
	Mr. Somphorn Houngnachith	Director
	Mr. Bernard Carayon	Director
	Mr. Bernard Ramanantsoa	Director
	Mr. Khouanta Phalivong	Director
Board of Management	Mr. Michael De Clercq	Managing Director
	Ms. Khamtan Sisounthone	Deputy Managing Director
	Mr. Michael De Clercq	Chief Financial Officer
	Mr. Omar Marottoli	Chief Credit Officer
	Ms. Sirivone Phimmasone	Chief Operating Officer
	Ms. Chanthanom Onevathana	Head of Retail Banking
	Ms. Emilie Saves	Head of Risk and Compliance
	Mr. Bounsai Chanthong	Head of Human Resource
	Mr. Phetdala Phoumalavong	Head of Legal & Corporate affairs
	Mr. Aphixay Phoumavong	Head of Sale Corporate
	Mr. Chintana Chanthaboury	Head of IT
Registered office	Banque Franco - Lao Limited Lane Xang Avenue, Hatsady Neua Village Chanthabouly District, Vientiane Capital, Lao PDR P.O. Box: 5720	
Auditors	KPMG Lao Co., Ltd. 10th Floor, Royal Square Office Building Samsenthai Road, Nongdoung Nua Village Sikhotabong District PO Box 6978 Vientiane Capital, Lao PDR	

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Management of Banque Franco - Lao Limited (the "Bank") is responsible for the preparation of the financial statements and for ensuring that the financial statements present fairly, in all material respects financial position of the Bank as at 31 December 2024, the statements of profit or loss and other comprehensive income, changes in equity and of cash flows for the year then ended 31 December 2024 in accordance with the International Financial Reporting Standards ("IFRSs"). In preparing the financial statements. Management is required to:

i) Adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;

ii) Comply with IFRS or, if there have been any departures in the interest of true and fair presentation. 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) Take reasonable steps for safeguarding the assets of the Bank and for preventing and detecting fraud, error and other irregularities;

v) Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Bank will continue operations in the foreseeable future; and

vi) Effectively control and direct the Bank and be involved in all material decisions affecting the Bank's operations and performance and ascertain that such have been properly reflected in the financial statements.

Management confirms that they have complied with the above requirements in preparing the financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

I, Mr. Michael De Clercq, on behalf of the Board of Management do hereby state that the financial statements set out on pages 5 to 70 present fairly, in all material respects, the financial position of the Bank as at 31 December 2024, the statements of profit or loss and other comprehensive income, changes in equity and of cash flows for the year then ended and have been properly drawn up in accordance with IFRSs.

Signed on behalf of the Board of Management,

Mr. Michael De Clercq
Chief Executive Officer
Date: 9 June 2025

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ເມືອງ ສີໂຄດຕະບອງ, ຕູ້ ປ.ນ. 6978,
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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors
Banque Franco-Lao Limited

Opinion

We have audited the financial statements of Banque Franco-Lao Limited (the "Bank"), which comprise the statement of financial position as at 31 December 2024, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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 are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence standards) ("IESBA Code") that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards ("IFRS"), and for such internal control as management determines 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, 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.

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 auditors' 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

For and on behalf of KPMG Lao Co., Ltd.

Jedsada Lee

Jedsada Leelawatanasuk
Statutory Auditor
ID No. SA0061/2024

Vientiane Capital, Lao PDR
Date: 9 June 2025

Banque Franco - Lao Limited
Statement of financial position
As at 31 December 2024

(Amounts expressed in millions LAK in terms of purchasing power of the LAK at 31 December 2024, unless otherwise indicated.)

	Note	31 December 2024 *(in millions LAK)*	31 December 2023 *(in millions LAK)*
Assets			
Cash	*4, 22*	65,012	101,556
Interbank and money market items			
Amounts due from other banks	*5*	1,050,307	1,430,282
Statutory deposits with central bank	*6*	333,319	352,650
Loans and advances, net of provision	*7*	1,525,284	1,927,091
Property and equipment	*8*	44,200	41,452
Intangible assets	*8*	18,065	21,400
Right of use assets	*23*	24,965	30,658
Other assets	*9*	33,837	45,836
Total assets		**3,094,989**	**3,950,925**

The accompanying notes form an integral part of these financial statements.

Banque Franco - Lao Limited
Statement of financial position
As at 31 December 2024
(Amounts expressed in millions LAK in terms of purchasing power of the LAK at 31 December 2024, unless otherwise indicated.)

	Note	31 December 2024 (in millions LAK)	31 December 2023 (in millions LAK)
Liabilities and equity			
Liabilities			
Deposits from customers	11	2,227,190	2,970,008
Interbank and money market items			
Amounts due to other banks	12	117,208	14,146
Borrowing from related party	13	-	192,620
Deferred tax Liability	10	14,678	33,213
Other liabilities	15	74,979	71,326
Total liabilities		**2,434,055**	**3,281,313**
Equity			
Paid-up capital	16	968,760	968,760
Legal reserve		13,989	7,442
Accumulated earnings		(321,815)	(306,590)
Total equity		**660,934**	**669,612**
Total liabilities and equity		**3,094,989**	**3,950,925**

The accompanying notes form an integral part of these financial statements.

Banque Franco - Lao Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2024

(Amounts expressed in millions LAK in terms of purchasing power of the LAK at 31 December 2024, unless otherwise indicated.)

		Year ended 31 December	
	Note	2024 *(in millions LAK)*	2023 *(in millions LAK)*
Interest and similar income	*17*	200,035	190,568
Interest and similar expense	*18*	(55,985)	(44,311)
Net interest income		**144,050**	**146,257**
Fee and commission income		39,015	33,960
Fee and commission expense		(30,801)	(24,911)
Net fee and commission income	*19*	**8,214**	**9,049**
Gain on foreign exchange		78,893	109,233
Other income		479	823
Total operating income		**231,636**	**265,362**
Operating Expenses			
Personnel expenses	*20*	(49,423)	(54,202)
Depreciation and amortization Expenses		(23,206)	(23,702)
Other operating expenses	*21*	(84,711)	(84,283)
Reversal of expected credit loss	*7(d)*	49,141	3,383
Total operating expenses		**(108,199)**	**(158,804)**
Net monetary loss		(134,281)	(168,144)
Profit (Loss) before income tax expense		**(10,844)**	**(61,586)**
Income tax (expense)/benefit	*10,14*	2,166	9,139
Profit (Loss) for the year		**(8,678)**	**(52,447)**
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax		**(8,678)**	**(52,447)**

The accompanying notes form an integral part of these financial statements.

Banque Franco - Lao Limited
Statement of Changes in Equity
For the year ended 31 December 2024
(Amounts expressed in millions LAK in terms of purchasing power of the LAK at 31 December 2024, unless otherwise indicated.)

	Note	Paid-up capital *(in millions LAK)*	Legal reserve *(in millions LAK)*	Accumulated earnings *(in millions LAK)*	Total *(in millions LAK)*
Year ended 31 December 2023					
Balance at 1 January 2023		460,000	1,482	47,622	509,104
Hyperinflation restatement to 1 January 2023	2(a)	462,012	1,839	(297,644)	166,207
Restated opening at 1 January 2023		**922,012**	**3,321**	**(250,022)**	**675,311**
Increase in capital	16	46,748	-	-	46,748
Profit (Loss) for the year		-	-	(52,447)	(52,447)
Transfer to legal reserve		-	4,121	(4,121)	-
Balance as at 31 December 2023		**968,760**	**7,442**	**(306,590)**	**669,612**
Year ended 31 December 2024					
Balance at 1 January 2024		500,000	5,009	94,936	599,945
Hyperinflation restatement to 1 January 2024	2(a)	468,760	2,433	(401,526)	69,667
Restated opening at 1 January 2024		**968,760**	**7,442**	**(306,590)**	**669,612**
Profit (Loss) for the year		-	-	(8,678)	(8,678)
Transfer to legal reserve		-	6,547	(6,547)	-
Balance as at 31 December 2024		**968,760**	**13,989**	**(321,815)**	**660,934**

The accompanying notes form an integral part of these financial statements.

Banque Franco - Lao Limited
Statement of cash flows
For the year ended 31 December 2024

(Amounts expressed in millions LAK in terms of purchasing power of the LAK at 31 December 2024, unless otherwise indicated.)

	Note	For the year ended 31 December 2024 LAK (in millions)	2023 LAK (in millions)
Cash flows from operating activities			
Profit before income tax		(10,844)	(61,586)
Adjustments for:			
Interest income		(200,035)	(190,568)
Interest expense		55,985	44,311
Provision for bad debt and doubtful loans and advances		(51,531)	(3,383)
Gain from disposal of fixed assets		(90)	(476)
Depreciation and amortisation		23,206	23,702
Net monetary loss		134,281	168,144
		(49,028)	**(19,856)**
Change in operating assets / liabilities			
Change in statutory deposits		18,893	(59,767)
Change in loans and advances to customers		143,301	(182,771)
Change in other assets		230	(1,353)
Change in deposits from customers		(325,501)	827,809
Change in deposits from banks		105,041	(38,377)
Change in other liabilities		16,363	20,797
Interest received		192,922	137,756
Interest paid		(43,551)	(28,801)
Income tax paid		(13,529)	(6,757)
Change in income tax payable		(2,840)	(6,434)
Net cash generated from operating activities		**42,301**	**642,246**
Cash flows from investing activities			
Acquisition of property and equipment		(14,838)	(15,871)
Acquisition of intangible assets		(3,936)	(6,002)
Proceeds from disposal of assets		254	7,032
Addition of Right of use assets		(1,201)	(1,802)
Net cash generated from (used in) investing activities		**(19,721)**	**(16,643)**
Cash flows from financing activities			
Additional capital contribution	*16*	-	40,000
Loan from related party		(163,736)	25,992
Others		-	(34)
Net cash generated from financing activities		**(163,736)**	**65,958**
Net increase in cash and cash equivalents		**(141,156)**	**691,561**
Cash and cash equivalents at 1 January		1,678,972	1,074,289
Inflation impact		(248,549)	(86,878)
Cash and cash equivalents at 31 December	*22*	**1,289,267**	**1,678,972**

The accompanying notes form an integral part of these financial statements.

(Amounts expressed in millions LAK in terms of purchasing power of the LAK at 31 December 2024, unless otherwise indicated.)

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1 Reporting entity

Banque Franco - Lao Limited ("BFL" or the "Bank") is a joint – venture bank incorporated and registered in Lao People's Democratic Republic ("Lao PDR"). The Bank was established by Cofibred – a company representing BRED Banque Populaire, a Bank registered in France and located at No. 18 Quai de la Rapee, Paris, 75012 France and Banque Pour Le Commerce Exterieur Lao Public ("BCEL"), a bank registered in Lao PDR and located at No. 01 Pangkham Street, Ban Xiengnyun, Chanthabouly District, Vientiane, Lao PDR.

The Bank was established under the Investment License Decision No. 1211/09 dated 26 August 2009 issued by the Ministry of Planning and Investment which was then amended by decision No. 124/10 dated 7 September 2010 issued by the same Ministry; and Decision No.12 BOL dated 16 July 2010 issued by the Bank of Lao P.D.R (the BOL).

The registered and paid-up capital of the Bank as at 31 December 2024 is LAK 500,000 million, (31 December 2023, LAK 500,000 million).

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

As at 31 December 2024, the Bank had 154 (2023: 155) employees.

2 Basis of preparation of the financial statements

(a) Basis of accounting and statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements of the Bank were authorised for issue on behalf of the Board of Management on 9 June 2025.

In preparing these financial statements, the significant judgments made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as of and for the year ended 31 December 2023.

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). The financial statements are based on statutory records that are maintained under the historical cost convention basis as adjusted for the effects of inflation on Lao Kip (LAK) at the reporting date based on IAS 29 Financial Reporting in Hyperinflationary Economies.

Details of the bank's accounting policies are included in Note 3.

Accounting in hyperinflationary economies

In October 2024, the IMF estimated that the three-year cumulative inflation rate of Lao P.D.R. has exceeded 100%, as a result Lao P.D.R. should be considered hyperinflationary economy for the annual reporting period ending 31 December 2024. Therefore, the Company applied IAS 29 *Financial Reporting in Hyperinflationary Economies* for the year ended 31 December 2024. Consequently, the financial statements for the year ended 31 December 2024 and 2023 were restated to be presented in the measuring unit current at 31 December 2024 resulting from the application of IAS 29 regarding Lao Kip (LAK) which was the currency of a hyperinflationary economy.

(Amounts expressed in millions LAK in terms of purchasing power of the LAK at 31 December 2024, unless otherwise indicated.)

The restatement is calculated by means of conversion factors derived from the Consumer Price Index (CPI) published by the Bank of Lao P.D.R. For the last three years, such indices and conversion factors used to restate the accompanying financial statements are as follows:

Date	CPI Index	Conversion factor
31 December 2024	243.52	1.000
31 December 2023	208.37	1.1687
31 December 2022	167.54	1.4535
31 December 2021	120.30	2.0243

The main procedures applied for the restatements in accordance with IAS 29 are as follows:

- Monetary assets and liabilities do not need to be restated as they already reflect purchasing power at the reporting date.

- Building improvements and equipment are restated by applying the change in the index from the date of the transaction. Depreciation is based on the restated amounts.

- Non-monetary assets and liabilities that are not carried at amounts current at the reporting date, and all components of shareholders' equity are restated by applying the relevant conversion factors from the date of transaction or, if applicable, from the date of contribution to the reporting date.

- All items in the statement of profit or loss and other comprehensive income, except for the depreciation charges explained above, expected credit loss and deferred tax changes, are restated by applying the monthly conversion factors of the transactions to the reporting date.

- The effects of inflation on the net monetary positions of the Company, is included in profit or loss as *"net monetary loss"*.

- All items in the statement of cash flows are expressed in terms of the measuring unit current at the reporting date; and all items in the statement of cash flows are, therefore, restated by applying the relevant conversion factors from the date on which the transaction originated.

- All corresponding figures as of and for the year ended 31 December 2024 are restated by applying the change in the index from 31 December 2023 to 31 December 2024.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as stated in the material accounting policies (Note 3).

(c) Functional and presentation currency

These accompanying financial statements are presented in Lao Kip ("LAK"), which is the Bank's functional currency. All financial information presented in LAK has been rounded in the financial statements and the accompanying notes to the nearest million, unless otherwise stated.

(Amounts expressed in millions LAK in terms of purchasing power of the LAK at 31 December 2024, unless otherwise indicated.)

(d) Use of judgements and estimates

In preparing this financial statement, management has made judgments, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

In preparing these financial statements, the significant judgments made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited financial statements as at and for the year ended 31 December 2023.

(e) Fiscal Year

The Bank reporting period starts on 1 January and ends on 31 December.

3 Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency at exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates at the reporting date.

Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated into the functional currency at the exchange rate at the date of the transaction.

Foreign currency differences arising from the translation are recognised in the profit or loss.

The applicable exchange rates for the LAK against foreign currencies were:

	31 December 2024	31 December 2023
United State Dollar ("USD")	21,481.00	20,467.00
Thai Baht ("THB")	622.97	635.44
Euro ("EUR")	22,521.00	22,620.00
Great Britain Pound("GBP")	27,149.00	25,923.00

(b) Financial assets and financial liabilities

(i) Recognition

The Bank initially recognises loans and advances, deposits on the date on which they are originated. A financial asset or financial liability is measured initially at fair value plus, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL;
- The asset is held within business model whose objective is to hold assets to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL;
- The asset is held within business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI.

In addition, on initial recognition the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Banks' business model reflects how it manages the assets to generate cash flows. Whether it is solely to collect the contractual cash flows from the asset or both the contractual cash flows and from sale of asset. Factors considered by the Bank in determining the business models for group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel and how risks are assessed and managed.

Assessment whether contractual cash flows are solely payments of principal and interest

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represents solely payment of principal and interest. In making this assessment, the Bank considers whether the contractual cash flows are consistent with basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

Financial liabilities

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost.

(iii) Derecognition

Financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially of all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

In transactions in which the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS.

(v) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured on initial recognition, minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any impairment allowance.

(vi) Impairment

The Bank recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- financial guarantee contracts issued;
- loan commitments issued;

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Interbank and money market items on which credit risk has not increased significantly since their initial recognition.

Measurement of ECL

Credit loss allowances are measured using a three-stage approach based on the extent of credit deterioration since origination:

Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.

Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD)

These parameters are generally derived from Basel prudential rules. Details of these statistical parameters/inputs are as follows:

PD – The probability of default is an estimate of the likelihood of default over a given time horizon.

EAD – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.

LGD – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

Assessment of significant increase in credit risk

The expected credit loss model requires the recognition of credit losses based on 12 months of expected losses for performing loans and the recognition of lifetime expected losses on loans that have experienced a SICR since origination.

The bank considers a financial instrument having a significant increase in credit risk based on the following factors:

In order to assess as to whether the credit quality of an exposure has deteriorated, the following main credit events are used:

- Delinquencies;
- Unauthorized Overdrafts.

A 6 months observation period is deemed necessary in order to:

- ensure that temporary credit difficulties faced by clients are indeed cured when they return to stage 1
- avoid undue variability in the Stage 1 / Stage 2 balance in the case of short, yet regular, periods of credit difficulties

An exposure will therefore be deemed belonging to stage 2 category in case of a delinquency or unauthorized overdraft that lasted more than 30 days in the last 6 months.

As credit difficulties could materialize in other ways than the sole delinquencies and overdrafts, and in order to better align with the operational processes within the bank, another criterion is added: any exposure belonging to the BFL watch list will fall under stage 2 category.

Computation of stage 1 impairment loss

The 1 year expected loss is by definition:

1 year default probability (PD) x Exposure At Default (EAD) x Loss Given Default (LGD).

As the bank lacks both number of data points and aging of the observations to statistically assess each of these parameters, default values derived from Basel prudential rules are used.

Loss Given Default

Default value is set at 45% which corresponds to the Basel IRBF parameter for senior claims on corporates, sovereigns and banks.

Exposure At Default

Computation of Exposure At Default also complies with prudential requirements stating that the exposure value of an asset item shall be its remaining accounting value with additional value adjustments.

The remaining accounting value is calculated by taking the amortization factor of the credit over the residual duration of the contract. The formula applied differs depending on if the contract has a linear amortization profile or is in fine.

EAD for linear amortization: ((EAD*∑Epsilon)/ ∑Epsilon)/((1+NIR) ^∑Epsilon/12)
EAD for in fine amortization: EAD/(1+NIR)^(∑Epsilon/12)

where Epsilon is the number of months in the year. For the last year of the contract, it will be the remaining number of month until the end of the contract and NIR is the nominal interest rate of the contract.

The exposure value of an off-balance sheet item shall be the following percentage of its nominal value:

(a) 100 % if it is a full-risk item such as a letters of credit;
(b) 50 % if it is a medium-risk item such as Revolving Credit Facilities;
(c) 20 % if it is a medium/low-risk item such as trade finance transactions;
(d) 0 % if it is a low-risk item such as uncommitted credit facilities.

As most transactions in BFL portfolio can be listed as high to medium risk, it is deemed adequate and prudent to set Exposure at Default 100% of drawn and undrawn exposures.

In the absence of sufficient series related to the credit quality of the bank's portfolio, it was decided to refer to the prudential scale used by BRED Group to compute own funds requirements on sovereign exposure.

As most of the countries where BRED has international subsidiaries are rated 6 on BRED sovereign scale, the related PD of 3.19% is chosen for all of them in order to ensure a homogeneous process at the Group level. PD is subsequently rounded to 3% for Stage 1.

Computation of stage 2 impairment loss

Loss Given Default

Default value was set at 45% which corresponds to the Basel IRBF parameter for senior claims on corporates, sovereigns and banks that are not secured by recognized collateral.

Exposure at Default

As for the one year exposure at default, the remaining accounting value is calculated and a 100% factor is applied to drawn and undrawn committed exposures.

Probability of Defaults

As Stage 2 exposures encompass Watch List exposures, prudential PD used for credit risk own funds requirements on Watch list exposures is taken into account. The bank credit granting policy follows general principles and rules defined in accordance with BRED Group credit granting approach. As a consequence, watch listed items are expected to process from similar credit granting processes and display similar behaviour in terms of default.

As per BRED Group Watch List methodology, credit exposures ranked on credit grades 14 and higher are included in the Watch List. Such exposures bear a PD at least equal to 11.73%.

Computation of stage 3 impairment loss

For stage 3 borrowers, Bank follow central bank provisioning model while taking the benefit of collateral held against the exposure with a minimum provision of 20%.

Presentation of loss allowance for ECL in statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision.

Write-off

The Bank writes off certain loans and advances, either partially or in full, and any related allowance for impairment losses, when they determine that there is no realistic prospect of recovery.

(c) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of one month or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(d) Loans and advances

Loans and advances in the statement of financial position are loans and advances measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

(e) Deposits from customers

Deposits are the Bank's sources of debt funding. Deposits are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

(f) Property and equipment

(i) Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Where an item of property comprises major components having different useful lives, the components are accounted for as separate items of property and equipment. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(ii) Depreciation of property and equipment is charged to the profit or loss on a straight-line basis over the estimated useful lives of the individual assets at the following annual rates:

Leasehold improvement	5-10%
Electronic equipment	20%
Furniture, fitting and office equipment	10% - 20%
Fixture	20%
Vehicle	20%

(iii) Subsequent expenditure relating to an item of property and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Bank. All other subsequent expenditure is recognised as an expense in the period in which it is incurred. Ongoing repairs and maintenance are expensed as incurred.

(iv) Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the profit or loss on the date of retirement or disposal.

(v) Fully depreciated property and equipment is retained on the balance sheet until disposed of or written off.

(g) Intangible asset

Computer software acquired by the Bank is measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on computer software is capitalised only when it increases future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Computer software is amortised on a straight-line-basis in profit or loss over its estimated useful life, from the date on which it is available for use at the following annual rate:

The intangible assets are amortized using straight line method at an annual rate of 20%.
Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Interest income and expense

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses. The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

(i) Fee and commission

Fee and commission income that are integral to the effective interest rate on the financial asset or financial liability is included in the effective interest rate.
The Bank earns fees and commission income from a diverse range of services it provides to its customers.

Fee income from providing transaction services
Fee and commission income consist of fees received for fund transfer (including trade settlement), fees arising for foreign currency exchange transactions, fees arising from financial guarantees, loan approval, loan collateral, settlement, renegotiation, and penalty charges to customers.

Fees or components of fees that are linked to a certain performance are recognised as the related services are performed.

Other fee and commission expense relate mainly to transaction and service fee, which are expensed as services are received.

(j) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Bank.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, which reflects the significance of inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, group, pricing service or regulatory agency, and those prices represent actual and regularly recurring market transactions on an arm's length basis.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs based on unobservable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The hierarchy used by the Bank is set out in note 29.

(k) Income tax

Income tax expense for the year comprises current and deferred tax. It is recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions of amounts payable to the tax authorities.

In accordance with the Law on the Promotion and Management of Foreign investment in the Lao PDR No. 01/94 dated 14 March 1994, the tax rate applied for foreign invested entities is 20% on the taxable profit of the Bank reported under the Lao accounting rules ("LAR").

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

(l) Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(m) Financial guarantees

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements (within 'Other liabilities') at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amortised amount and the amount of loss allowance, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.
Any increase in the liability relating to financial guarantees is recorded in the income statement in 'Credit loss expense'. The premium received is recognised in the income statement in 'Net fees and commission income' on a straight-line basis over the life of the guarantee.

(n) Provision for contingent liabilities

Provisions for contingent liabilities are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement.

(o) Related parties

Parties are considered to be related to the Bank if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or where the Bank and the party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

(p) Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- the contract involves the use of an identified asset;
- the Bank has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use: and
- the Bank has the right to direct the use of the asset. The Bank has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

This policy is applied to contracts entered in to, or changed, on or after 1 January 2019.
At inception or on reassessment of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

(q) Legal 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 following reserves:

- Regulatory reserve fund
- Business expansion fund and other funds

In accordance with the Law on Enterprise (Revision) No.33/NA dated 29 December 2022, the Bank is required to provide legal reserve at a rate of 10% on profit after deducting retained loss. The Bank can stop reserving when the legal reserve has reached up to 50 percentage of Registered Capital.

4 Cash

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Lao Kip ("LAK")	22,206	25,340
United States Dollar ("USD")	15,771	20,363
Thai Baht ("THB")	5,466	6,491
Others	21,569	49,362
	65,012	**101,556**

5 Amount due from other banks

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Demand deposits with domestic banks	3,412	12,889
Demand deposits with overseas banks	1,041,413	1,413,806
	1,044,825	**1,426,695**
Add: Accrued interest	6,223	4,400
Less: Allowance for expected credit loss	(741)	(813)
	1,050,307	**1,430,282**

Amount due from other banks is classified under stage 1 as per IFRS 9 and the allowance for expected credit loss as at 31 December 2024 is LAK 741 million (31 December 2023: LAK 813 million).

a) Classified by currency

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Deposits in LAK	989	3,498
Deposits in USD	587,921	1,152,678
Deposits in THB	89,581	53,362
Deposits in others foreign currencies	366,334	217,157
	1,044,825	**1,426,695**

Demand deposits at domestic banks are non-interest earning items.

6 Statutory deposits with Central Bank

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Statutory deposits on:		
Compulsory deposits	153,889	201,929
Demand deposits	179,430	150,721
	333,319	**352,650**
Less: Allowance for expected credit loss	-	-
	333,319	**352,650**

Statutory balance with Central bank is classified under stage 1 as per IFRS 9 and the allowance for expected credit loss as at 31 December 2024 is NIL (31 December 2023: NIL).

Balances with the BOL include demand and compulsory deposits in compliance with the requirements of the BOL. These balances earn no interest. Under regulations of the BOL, the Bank is required to maintain certain cash reserves with the BOL in the form of compulsory deposits, which are computed at 8% for LAK and 11% for foreign currency for customer deposits ($\leq$ 1 year duration). During the year the bank maintained its compulsory deposit in compliance with regulation of BOL.

The compulsory deposits percentages were revised by BOL through a letter 903/BOL dated 27 August 2024.

7 Loans and advances, net of provision

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Overdrafts	130,463	150,048
Loans	1,520,776	1,947,213
	1,651,239	**2,097,261**
Accrued interest receivable	21,917	29,384
Loans and advances to customers	**1,673,156**	**2,126,645**
Less: Allowance for expected credit loss	(147,872)	(199,554)
	1,525,284	**1,927,091**

a) Classified by performance

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Stage 1	1,432,969	1,686,437
Stage 2	31,047	187,015
Stage 3	187,223	223,809
	1,651,239	**2,097,261**

b) Classified by currency

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
LAK	601,153	634,944
USD	1,011,320	1,318,181
THB	38,766	61,464
EUR	-	82,672
	1,651,239	**2,097,261**

c) Classified by interest rate (per annum)

	2024 %	2023 %
Loans in LAK	4.00% - 14.50%	4.00% - 14.00%
Loans in USD	5.00% - 10.60%	5.00% - 11.00%
Loans in THB	5.20% - 10.45%	5.00% - 9.00%
Loans in EUR	-	5.25%

d) The changes in the allowance for expected credit loss are as follows:

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Balance at beginning of the year	199,554	202,913
Provision for ECL during the year	15,133	56,036
Reversals for ECL during the year	(38,011)	(19,635)
Net monetary gain / (loss)	(28,804)	(39,760)
Balance at end of the year	**147,872**	**199,554**

8 Property and equipment and Intangible assets

	Note	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Property and equipment	*8.1*	44,200	41,452
Intangible assets	*8.2*	18,065	21,400
		62,265	**62,852**

8.1 Property and equipment

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

	Building & improvements	Office equipment	Furniture & fixture	Motor vehicles	Construction in progress	Total
			LAK *(in millions)*			
Cost						
At 1 January 2024	53,524	80,721	16,349	11,770	5,838	168,202
Additions	2,478	10,215	3,834	515	14,978	32,020
Disposals/Transfers	(14)	(2,468)	(188)	(132)	(17,042)	(19,844)
At 31 December 2024	**55,988**	**88,468**	**19,995**	**12,153**	**3,774**	**180,378**
Accumulated depreciation						
At 1 January 2024	38,886	67,022	10,918	9,924	-	126,750
Charge for the year	2,896	6,083	2,000	944	-	11,923
Disposal	(13)	(2,237)	(136)	(109)	-	(2,495)
At 31 December 2024	**41,769**	**70,868**	**12,782**	**10,759**	**-**	**136,178**
Net book value						
At 1 January 2024	**14,638**	**13,699**	**5,431**	**1,846**	**5,838**	**41,452**
At 31 December 2024	**14,219**	**17,600**	**7,213**	**1,394**	**3,774**	**44,200**

8.1 Property and equipment (continued)

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

	Building & improvements	Office equipment	Furniture & fixture	Motor vehicles	Construction in progress	Total
			LAK *(in millions)*			
Cost						
At 1 January 2023	53,815	76,732	14,114	12,067	2,743	159,471
Additions	-	5,472	2,502	-	11,069	19,043
Disposals/Transfers	(291)	(1,483)	(267)	(297)	(7,974)	(10,312)
At 31 December 2023	**53,524**	**80,721**	**16,349**	**11,770**	**5,838**	**168,202**
Accumulated depreciation						
At 1 January 2023	36,215	62,689	9,412	9,061	-	117,377
Charge for the year	2,939	5,752	1,723	1,161	-	11,575
Disposal	(268)	(1,419)	(217)	(298)	-	(2,202)
At 31 December 2023	**38,886**	**67,022**	**10,918**	**9,924**	-	**126,750**
Net book value						
At 1 January 2023	**17,600**	**14,043**	**4,702**	**3,006**	**2,743**	**42,094**
At 31 December 2023	**14,638**	**13,699**	**5,431**	**1,846**	**5,838**	**41,452**

8.2 Intangible assets

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

	Computer software LAK *(in millions)*	Construction in progress LAK *(in millions)*	Total LAK *(in millions)*
Cost			
At 1 January 2024	46,064	13,658	59,722
Transferred from CIP	9,888	(9,888)	-
Additions	-	1,083	1,083
Disposals	-	-	-
At 31 December 2024	**55,952**	**4,853**	**60,805**
Accumulated amortization			
At 1 January 2024	38,322	-	38,322
Amortization charge	4,418	-	4,418
Disposals	-	-	-
At 31 December 2024	**42,740**	-	**42,740**
Net book value			
At 1 January 2024	**7,742**	**13,658**	**21,400**
At 31 December 2024	**13,212**	**4,853**	**18,065**

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

	Computer software LAK *(in millions)*	Construction in progress LAK *(in millions)*	Total LAK *(in millions)*
Cost			
At 1 January 2023	45,393	7,231	52,624
Transferred from CIP	1,212	(1,212)	-
Additions	-	7,639	7,639
Disposals	(541)	-	(541)
At 31 December 2023	**46,064**	**13,658**	**59,722**
Accumulated amortization			
At 1 January 2023	33,622	-	33,622
Amortization charge	5,154	-	5,154
Disposals	(454)	-	(454)
At 31 December 2023	**38,322**	-	**38,322**
Net book value	-	-	-
At 1 January 2023	**11,771**	**7,231**	**19,002**
At 31 December 2023	**7,742**	**13,658**	**21,400**

9 Other assets

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Prepayments	16,854	15,987
Foreclosed Asset	-	22,280
Cheques in collection	90	53
Security deposits	132	165
Others	16,761	7,351
	33,837	**45,836**

10 Deferred tax assets/(liabilities)

	At 1 January 2024 LAK *(in millions)*	Credited to: Profit or loss LAK *(in millions)*	**At 31 December 2024** LAK *(in millions)*
Deferred tax assets			
Deposits from customers	85,739	(85,739)	-
Others	8,681	(8,577)	104
	94,420	**(94,316)**	**104**
Deferred tax liabilities			
Loan and advance	(62,309)	53,553	(8,756)
Amount due from other banks	(41,290)	41,290	-
Statutory deposits with central banks	(10,180)	10,180	-
Others	(13,854)	7,828	(6,026)
	(127,633)	**112,851**	**(14,782)**
Net deferred tax	**(33,213)**	**18,535**	**(14,678)**

	At 1 January 2023 LAK *(in millions)*	Credited to: Profit or loss LAK *(in millions)*	**At 31 December 2023** LAK *(in millions)*
Deferred tax assets			
Deposits from customers	154,847	(69,108)	85,739
Others	21,118	(12,437)	8,681
	175,965	**(81,545)**	**94,420**
Loan and advance	(143,127)	80,818	(62,309)
Amount due from other banks	(52,117)	10,827	(41,290)
Statutory deposits with central banks	(19,482)	9,302	(10,180)
Others	(19,009)	5,155	(13,854)
	(233,735)	**106,102**	**(127,633)**
Net deferred tax	**(57,770)**	**24,557**	**(33,213)**

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Loss carry forward	-	-
	-	-

The Bank does not have loss carry forward in LAO GAAP this year.

11 Deposits from customers

a) Classified by type of deposits

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Current deposits	838,103	1,596,281
Savings deposits	333,470	391,092
Term deposits	1,020,138	954,468
Accrued interest	35,479	28,167
	2,227,190	**2,970,008**

b) Classified by currency

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
LAK	248,747	269,194
USD	1,452,089	2,247,851
THB	200,048	133,027
Others	326,306	319,936
	2,227,190	**2,970,008**

c) Classified by interest rate (per annum)

	2024 %	2023 %
Saving accounts		
LAK	2.00%	1.90%
USD	1.25%	1.25%
THB	1.50%	1.50%
EUR	0.50%	0.50%
Fixed deposits		
Term deposits in LAK	3.95% - 10.70%	3.00% - 8.00%
Term deposits in foreign currencies	0.60% - 7.00%	0.60% - 7.00%

12 Amounts due to other banks

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Current deposits	9,740	14,146
Term deposit	107,405	-
Accrued interest	63	-
	117,208	**14,146**

a) Classified by currency

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
LAK	258	296
USD	107,778	342
THB	101	2,860
Others	9,071	10,648
	117,208	**14,146**

13 Borrowings from related party

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Banque pour le commerce et l'industrie de la mer rouge (BCIMR)	-	191,357
Accrued interest	-	1,263
	-	**192,620**

14 Tax liabilities and current tax expense

	Note	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Current tax expense			
Current year		16,369	15,418
Prior year adjustment		-	-
Deferred Tax (benefit)/expense			
Movement in temporary differences	10	(18,535)	(24,557)
Total income tax expense/(benefit)		**(2,166)**	**(9,139)**
Tax liabilities at the beginning of the year		(16,003)	(10,551)
Income tax expense		(16,369)	(15,418)
Tax paid on profit during the year		13,529	7,897
Net monetary gain / (loss)		2,310	2,069
Tax liabilities at the end of the year		**(16,533)**	**(16,003)**

(i) Reconciliation of effective tax rate

	Rate (%)	2024 LAK *(in millions)*	Rate (%)	2023 LAK *(in millions)*
Profit (Loss) before tax in accordance with IFRS	20	(10,844)	20	(61,586)
Income tax using statutory tax rate		(2,169)		(12,317)
Utilization of tax loss carry forward		-		-
Permanent difference		3		3,178
		(2,166)		**(9,139)**

15 Other liabilities

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
External Accounts Payable	25,776	25,850
Deferred revenue	10,514	15,289
Tax payable	17,060	16,003
Guarantee deposit	1,036	730
Other liabilities	19,638	12,722
Allowance for expected credit loss – off balance sheet*	955	732
	74,979	**71,326**

*Loan commitments and financial guarantees are classified under stage 1 as per IFRS 9 and the expected credit loss as at 31 December 2024 is LAK 955 million (31 December 2023: LAK 732 million).

16 Paid up capital

	31 December 2024		**31 December 2023**	
Equity owners	% ownership	LAK (in millions)	% ownership	LAK (in millions)
Cofibred	70%	678,132	70%	678,132
Banque Pour Le Commerce Exterieur Lao Public	30%	290,628	30%	290,628
	100%	**968,760**	**100%**	**968,760**

17 Interest and similar income

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Interest income from		
Interbank transactions	44,521	20,114
Loans and advances	155,514	170,454
	200,035	**190,568**

18 Interest and similar expense

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Interest expense from		
Interbank transactions	7,337	5,548
Customer deposits	48,648	38,763
	55,985	**44,311**

19 Net fee and commission income

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Fee and commission income		
Settlement services	23,415	21,090
Guarantee activities	312	410
Treasury activities	11,156	7,691
Fees for assistance and advisory activities	3,945	4,756
Other fees and services	187	13
	39,015	**33,960**
Fee and commission expense		
Settlement services	(28,437)	(21,249)
Other activities	(2,364)	(3,662)
	(30,801)	**(24,911)**
Net fees and commission income	**8,214**	**9,049**

20 Personnel expenses

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Wages and salaries	43,963	49,911
Insurance expense for employees	1,357	1,192
Other staff cost	4,103	3,099
	49,423	**54,202**

21 Other operating expenses

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
External service expenses	65,949	66,310
Office stationery expenses	4,445	4,056
Office rental	3,212	3,841
General and administration expenses	2,657	2,165
Business trip expenses	2,287	2,293
Publication, marketing and promotion expenses	2,227	1,408
Other expenses	3,934	4,210
	84,711	**84,283**

22 Cash and cash equivalents

	Note	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Cash	*4*	65,012	101,556
Amounts due from BOL	*6*	179,430	150,721
Amount due from other banks	*5*	1,044,825	1,426,695
		1,289,267	**1,678,972**

23 Leases

Right-of-use assets	2024 LAK *(in millions)*	2023 LAK *(in millions)*
At 1 January	30,658	35,401
Additions	1,172	2,230
Depreciation charge for the year	(6,865)	(6,973)
At 31 December	**24,965**	**30,658**

Amount recognized in profit or loss	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Interest on lease liability	-	-
Depreciation expense	(6,865)	(6,973)
	(6,865)	**(6,973)**

24 Related party transactions

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

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

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

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

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

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

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

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

(Amounts expressed in millions LAK in terms of purchasing power of the LAK at 31 December 2024, unless otherwise indicated.)

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

Related party	*Relationship*	*Transactions*	*Receivables In LAKm*	*Payables In LAKm*
Banque Pour Le Exterieur Lao Public Company Limited (BCEL)	Shareholder	Demand deposits	3,143	9,071
		Fixed term deposits	-	-
BRED Banque Populaire	Shareholder (represented by Cofibred)	Demand deposits	329,884	-
		Term deposits	251,525	-
		Accrued interest on term & current deposits	6,223	-
BRED IT	Subsidiary of BRED	Service cost payable	-	9,134

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

Related party	*Relationship*	*Transactions*	*Receivables In LAKm*	*Payables In LAKm*
Banque Pour Le Exterieur Lao Public Company Limited (BCEL)	Shareholder	Demand deposits	12,650	10,648
		Fixed term deposits	-	-
BRED Banque Populaire	Shareholder (represented by Cofibred)	Demand deposits	995,106	-
		Term deposits	371,375	-
		Accrued interest on term & current deposits	4,400	-
Banque pour le commerce et l'industrie de la mer rouge	Subsidiary of Cofibred	Borrowing	-	191,357
		Accrued interest on borrowing	-	1,263
BRED IT	Subsidiary of BRED	Service cost payable	-	10,907

Significant transaction with related parties in statement of comprehensive income are as follows:

Related party	**Relationship**	**Transactions**	**2024** LAK *(in millions)*	**2023** LAK *(in millions)*
Banque Pour Le Commerce Exterieur Lao Public Company Limited (BCEL)	Shareholder	Interest expense	1,390	102
BRED Banque Populaire	Shareholder (represented by Cofibred)	Interest income	38,970	20,114
Banque pour le commerce et l'industrie de la mer rouge	Subsidiary of Cofibred	Interest expense	3,795	5,262
BRED IT	Subsidiary of BRED	Expense	37,579	42,202

Transactions with key management personnel of the Bank

Remuneration to members of the Board of Directors and the Board of Management is as follows:

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Salaries and Director fees including bonus	16,874	20,924
	16,874	**20,924**

25 Off-balance sheet items

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Commitment given		
Letters of credit and undisbursed loans outstanding	103,963	113,593
Letters of guarantee outstanding	4,781	25,398
	108,744	**138,991**
Collateral and Mortgages		
Collaterals and mortgages for loans to customer	4,464,528	4,591,711
	4,464,528	**4,591,711**

26 Financial risk management policies

Introduction

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

The Bank is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to various operating risks.
The Bank's policies are also to monitor business risks arising from changes in the environment, technology and industry through the Bank's strategic planning process.

Risk management structure

The Bank's risk management strategies and principles are approved by the Board of Directors, who is responsible for the overall risk management approach.

The Board has appointed Risk - Compliance Department which has the responsibility to monitor the overall risk process within the Bank.

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

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

Credit risk

Credit risk is the risk that the Bank will incur a loss because its customers, clients or counter parties failed to discharge their contractual obligations.

a) Credit risk management

BFL's credit risk management involves decisions involving a balance between acceptable risk and commercial judgment and it is guided through the risk management framework and credit risk principles and policies approved by the Board of Directors. The risk management unit performs the monitoring function, to ensure that day to day credit operations are in line with the risk management framework.

Some of key specific mitigating controls and processes are outlined below.

i) All credit facilities are measured at 100% of the exposure and no risk weights are applied.
ii) Credit checks are performed whereas a credit report is obtained to help assess the credit worthiness of an individual or business customer seeking credits.
iii) Concentration limits are currently applied based on regulatory limit controlling the maximum exposure to a borrower (and related parties) to 25% of the Bank's capital.
iv) Credit Loss Review is performed to identify causes of credit loss and improvement opportunities in credit management and credit processes. Any losses or expected losses must be approved by the Managing Director.

v) Country limits must be applied and recorded on the Credit Memorandum when transactions involve cross border risk. Cross border risk arises whenever payment or discharges of a transaction involves a flow of funds from one country to another.
vi) Sharing of risk between customer and any third party (e.g., guarantor) is subject to independent consumer or business credit assessments.
vii) Any request to vary the current maximum long terms needs to be formally supported by Head of Department and approved by Managing Director.
viii) Customer groups that are assessed with increased risk or high risk are subject to more stringent monitoring and controls.

Credit Policy during COVID-19 Outbreak No. 238/ BOL dated March 26, 2020 and No. 256/BOL date May 15, 2021.

Local regulatory body (BOL) issued a decision No 238/BOL dated 26 March 2020, the objective of which was to mitigate the adverse impact of Covid-19 on the financial situation of the borrowers.

This decision can be used for individual and legal entity who has obtained the loan from the Bank and whose business is impacted due to Covid-19.

1. Bank and financial institutions to provide the postponement on the loan repayment which includes both principal and interest payment, reduction of the interest rate, and fees for the client as reasonable.

2. Provide or disburse new Loan to clients who gets impact from the COVID to improve their business.

3. For commercial bank and institution that follow this agreement will be exempted on applying the Decision on debt classification and reduction of classified debt of commercial bank, and Regulation on loan classification and provision for Micro Finance Institution, and agreement on Credit Cooperatives and saving deposit as follow:

(1) the loan classification after the restructuring can classified as the old class for the customer who is impacted from the virus and classified as a bad loan since 1 Jan 2020 can classify as watch list or special mention.

(2) The loan restructuring can be made more than 2 times.

(3) The bank can provide or disburse new loans to clients who are impacted by the COVID and classified as a bad loan from 1 Jan 2020 onward.

Measure:

1. Restructure the loan to a customer who gets impacted from COVID-19 by renewing the contract period, principal and interest repayment, interest rate to be in line with the ability to repayment of the customer. Also provide grace period for both principal and interest for 1 year or based on the agreement between bank and the customer.

2. Provide a new loan to the customer who is impacted from COVD-19, if they apply.

Additional policy according to decision No. 256 / BOL Dated May 13, 2021

-Commercial banks, Microfinance Institutions that accept deposits and non-deposits should postpone the repayment of both costs and interest to loan customers (types of loans for consumption) for 3 months from May to July 2021 in accordance with the conditions stipulated below.

Criteria for Consideration:

- Clients who will receive a deferred payment policy must be those affected by the COVID-19 outbreak who have not received their salaries or wages or received any part of it, resulting in inability to repay the payment or instalment with the confirmation from the employer.
- For clients whose source of income from doing business affected by COVID-19 is considered based on financial status and actual circumstances.

b) Credit quality

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external historical information about the counter party default rates:

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Cash	65,012	101,556
Due from Banks	329,884	995,106
	394,896	**1,096,662**

c) Impaired loans and advances, net

	2024 LAK *(in millions)*	2023 LAK *(in millions)*
Stage 1	1,414,880	1,663,617
Stage 2	26,671	152,748
Stage 3	61,816	81,342
	1,503,367	**1,897,707**

The balances above are stated at loan balances after deducting provision and not including accrued interest.

Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.

Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

(d) Credit risk concentrations by industry

Maximum exposure to credit risk for the components of the statement of financial position by industry without taking into account of any collateral, margin deposit as at 31 December 2024 and 2023 was as follows:

2024

	Financial institutions	Government	Service	Electricity	Others	Total
	LAK (in millions)					
Deposits with other banks *	1,051,048	-	-	-	-	1,051,048
Statutory deposits with Central Bank	-	333,319	-	-	-	333,319
Loans and advances to customers *	-	-	665,119	-	1,008,037	1,673,156
	1,051,048	**333,319**	**665,119**	-	**1,008,037**	**3,057,523**

2023

	Financial institutions	Government	Service	Electricity	Others	Total
	LAK (in millions)					
Deposits with other banks *	1,431,095	-	-	-	-	1,431,095
Statutory deposits with Central Bank	-	352,650	-	-	-	352,650
Loans and advances to customers *	-	-	797,117	82,672	1,246,856	2,126,645
	1,431,095	**352,650**	**797,117**	**82,672**	**1,246,856**	**3,910,390**

** The balance includes accrued interest receivable*

(e) Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortized cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in Note 3.

	2024				
	12- month ECL	Lifetime ECL not credit impaired	Lifetime ECL Credit – Impaired	Purchased Credit Impaired	Total
	LAK	LAK	LAK	LAK	LAK
Loans and advances to banks at amortised cost	*(in millions)*	*(in millions)*	*(in millions)*	*(in millions)*	*(in millions)*
Grades 1- 6: Low- fair risk	1,044,825	-	-	-	1,044,825
Grades 7-9: Watch list	-	-	-	-	-
Grade 10: Substandard	-	-	-	-	-
Grade 11: Doubtful	-	-	-	-	-
Grade 12: Loss	-	-	-	-	-
Total	**1,044,825**	-	-	-	**1,044,825**
Allowance for expected credit loss	(741)	-	-	-	(741)
Carrying Amount	**1,044,084**	-	-	-	**1,044,084**

	2024				
	12- month ECL	Life time ECL not credit impaired	Life time ECL Credit – Impaired	Purchased Credit Impaired	Total
	LAK	LAK	LAK	LAK	LAK
Loans and advances to customers at amortised cost	*(in millions)*	*(in millions)*	*(in millions)*	*(in millions)*	*(in millions)*
Grades 1- 6: Low- fair risk	1,432,969	-	-	-	1,432,969
Grades 7-9: Watch list	-	31,047	-	-	31,047
Grade 10: Substandard	-	-	6,947	-	6,947
Grade 11: Doubtful	-	-	5,494	-	5,494
Grade 12: Loss	-	-	174,782	-	174,782
Total	**1,432,969**	**31,047**	**187,223**	-	**1,651,239**
Allowance for expected credit loss	(18,089)	(4,377)	(125,406)	-	(147,872)
Carrying Amount	**1,414,880**	**26,670**	**61,817**	-	**1,503,367**

(e) Credit quality analysis (continued)

	2024				
	12- month ECL	Life time ECL not credit impaired	Life time ECL Credit – Impaired	Purchased Credit Impaired	Total
Loans Commitments	LAK *(in millions)*	LAK *(in millions)*	LAK *(in millions)*	LAK *(in millions)*	LAK *(in millions)*
Grades 1- 6: Low- fair risk	71,486	-	-	-	71,486
Grades 7- 12	-	-	-	-	-
Total	-	-	-	-	-
Allowance for expected credit loss	(895)	-	-	-	(895)
Carrying Amount	**70,591**	-	-	-	**70,591**
Financial guarantee contracts					
Grades 1-6: Low- fair risk	4,781	-	-	-	4,781
Grades 7-12	-	-	-	-	-
Total	-	-	-	-	-
Allowance for expected credit loss	(61)	-	-	-	(61)
Carrying amount	**4,720**	-	-	-	**4,720**

	2023				
	12- month ECL	Life time ECL not credit impaired	Life time ECL Credit – Impaired	Purchased Credit Impaired	Total
Loans and advances to banks at amortised cost	LAK *(in millions)*	LAK *(in millions)*	LAK *(in millions)*	LAK *(in millions)*	LAK *(in millions)*
Grades 1- 6: Low- fair risk	1,426,695	-	-	-	1,426,695
Grades 7-9: Watch list	-	-	-	-	-
Grade 10: Substandard	-	-	-	-	-
Grade 11: Doubtful	-	-	-	-	-
Grade 12: Loss	-	-	-	-	-
Total	**1,426,695**	-	-	-	**1,426,695**
Allowance for expected credit loss	(813)	-	-	-	(813)
Carrying Amount	**1,425,882**	-	-	-	**1,425,882**

(e) Credit quality analysis (continued)

	2023				
	12- month ECL	Life time ECL not credit impaired	Life time ECL Credit – Impaired	Purchased Credit Impaired	Total
	LAK	LAK	LAK	LAK	LAK
Loans and advances to customers at amortised cost	*(in millions)*	*(in millions)*	*(in millions)*	*(in millions)*	*(in millions)*
Grades 1- 6: Low- fair risk	1,686,437	-	-	-	1,686,437
Grades 7-9: Watch list	-	187,015	-	-	187,015
Grade 10: Substandard	-	-	2,256	-	2,256
Grade 11: Doubtful	-	-	11,134	-	11,134
Grade 12: Loss	-	-	210,419	-	210,419
Total	**1,686,437**	**187,015**	**223,809**	-	**2,097,261**
Allowance for expected credit loss	(22,821)	(34,267)	(142,466)	-	(199,554)
Carrying Amount	**1,663,616**	**152,748**	**81,343**	-	**1,897,707**

	2023				
	12- month ECL	Life time ECL not credit impaired	Life time ECL Credit - Impaired	Purchased Credit Impaired	Total
	LAK	LAK	LAK	LAK	LAK
Loans Commitments	*(in millions)*	*(in millions)*	*(in millions)*	*(in millions)*	*(in millions)*
Grades 1- 6: Low- fair risk	28,792	-	-	-	28,792
Grades 7- 12	-	-	-	-	-
Total	**28,792**	-	-	-	**28,792**
Allowance for expected credit loss	(389)	-	-	-	(389)
Carrying Amount	**28,403**	-	-	-	**28,403**
Financial guarantee contracts					
Grades 1-6: Low- fair risk	25,397	-	-	-	25,397
Grade 7-12	-	-	-	-	-
Total	**25,397**	-	-	-	**25,397**
Allowance for expected credit loss	(342)	-	-	-	(342)
Carrying Amount	**25,055**	-	-	-	**25,055**

(f) Collateral Held and other credit enhancements

The Bank holds collateral and other credit enhancements against certain of its credit exposures.

The following table sets out the principal types of collateral held against different types of financial assets.

	Percentage of Collateral that is Subject to collateral requirements		
Type of Credit Exposure	31 December 2024	31 December 2023	Principal Type of Collateral Held
Loans and advances to banks	-	-	-
Loans and advances to retail customers	95%	95%	Mortgage, Cash collateral
Loans and advances to corporate customers	72%	52%	Mortgage, Cash collateral

Loans and advances to corporate customers

The general creditworthiness of a corporate customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Bank generally requests that corporate borrowers provide it. The Bank may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees.

Because of the Bank's focus on corporate customers' creditworthiness, the Bank does not routinely update the valuation of collateral held against all loans to corporate customers. Valuation of collateral is updated when the loan is put on a watch list and the loan is monitored more closely.

Assets obtained by taking possession of collateral

The Bank's policy is to pursue timely realisation of the collateral in an orderly manner. The Bank does not generally use the non-cash collateral for its own operations. During the period, there was no change in the Bank's collateral policies.

(g) Allowance for expected credit loss

The following tables show reconciliations from the opening to the closing balance of the allowance for expected credit loss by class of financial instrument. Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in Note 5.

	2024			
	12 - month ECL	Lifetime ECL not credit - impaired	Lifetime ECL credit - impaired	Total
	LAK (in millions)			
Loans and advances to banks at amortised cost				
Balance at 1 January	813	-	-	813
Financial assets derecognised during the period other than write-offs	(1)	-	-	(1)
Changes in models/risk parameters	(71)	-	-	(71)
Balance at 31 December	**741**	-	-	**741**

	2023			
	12 - month ECL	Lifetime ECL not credit - impaired	Lifetime ECL credit - impaired	Total
	LAK (in millions)			
Loans and advances to banks at amortised cost				
Balance at 1 January	717	-	-	717
Financial assets derecognised during the period other than write-offs	-	-	-	-
Changes in models/risk parameters	96	-	-	96
Balance at 31 December	**813**	-	-	**813**

	2024			
	12 – month ECL	Lifetime ECL not credit – impaired	Lifetime ECL credit - impaired	Total
	LAK	LAK	LAK	LAK
Loans and advances to customers at amortised cost	*(in millions)*	*(in millions)*	*(in millions)*	*(in millions)*
Balance at 1 January	22,821	34,267	142,466	199,554
Transfer from Stage 1 to Stage 2	(139)	1,087	-	948
Transfer from Stage 1 to Stage 3	(13)	-	164	151
Transfer from Stage 2 to Stage 3	-	(976)	829	(147)
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 2 to Stage 1	710	(12,360)	-	(11,650)
Transfer from Stage 3 to Stage 1	-	-	-	-
Financial assets derecognised during the period other than write-offs	(4,084)	(11,628)	(4,371)	(20,083)
Net re-measurement of loss allowance	(3,332)	(1,684)	6,485	1,469
New financial assets originated or purchased	5,420	617	397	6,434
Write-offs	-	-	-	-
Monetary gain / (loss)	(3,294)	(4,946)	(20,564)	(28,804)
Balance at 31 December	**18,089**	**4,377**	**125,406**	**147,872**

	2023			
	12 - month ECL	Lifetime ECL not credit – impaired	Lifetime ECL credit - impaired	Total
	LAK	LAK	LAK	LAK
Loans and advances to customers at amortised cost	*(in millions)*	*(in millions)*	*(in millions)*	*(in millions)*
Balance at 1 January	24,516	46,745	131,653	202,914
Transfer from Stage 1 to Stage 2	(83)	988	-	905
Transfer from Stage 1 to Stage 3	(67)	-	1,033	966
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	601	(794)	(193)
Transfer from Stage 2 to Stage 1	483	(6,081)	-	(5,598)
Transfer from Stage 3 to Stage 1	19	-	(550)	(531)
Financial assets derecognised during the period other than write-offs	(2,654)	(397)	(5,669)	(8,720)
Net re-measurement of loss allowance	(1,844)	(863)	42,590	39,883
New financial assets originated or purchased	7,256	2,434	-	9,690
Write-offs	-	-	-	-
Monetary gain / (loss)	(4,805)	(9,160)	(25,797)	(39,762)
Balance at 31 December	**22,821**	**34,267**	**142,466**	**199,554**

(Amounts expressed in millions LAK in terms of purchasing power of the LAK at 31 December 2024, unless otherwise indicated.)

	2024			
	12 - month ECL	Lifetime ECL not credit - impaired	Lifetime ECL credit - impaired	Total
	LAK	LAK	LAK	LAK
Loans and advances to customers at amortised cost – retail customers	*(in millions)*	*(in millions)*	*(in millions)*	*(in millions)*
Balance at 1 January	8,114	10,261	17,575	35,950
Transfer from Stage 1 to Stage 2	(139)	1,087	-	948
Transfer from Stage 1 to Stage 3	(13)	-	164	151
Transfer from Stage 2 to Stage 3	-	(976)	829	(147)
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 2 to Stage 1	479	(8,609)	-	(8,130)
Transfer from Stage 3 to Stage 1	-	-	-	-
Financial assets derecognised during the period other than write-offs	(852)	(1,009)	(4,371)	(6,232)
Net re-measurement of loss allowance	(1,842)	2,093	10,295	10,546
New financial assets originated or purchased	3,344	617	397	4,358
Write-offs	-	-	-	-
Monetary gain / (loss)	(1,171)	(1,481)	(2,537)	(5,189)
Balance at 31 December	**7,920**	**1,983**	**22,352**	**32,255**

	2023			
	12 - month ECL	Lifetime ECL not credit - impaired	Lifetime ECL credit - impaired	Total
	LAK	LAK	LAK	LAK
Loans and advances to customers at amortised cost – retail customers	*(in millions)*	*(in millions)*	*(in millions)*	*(in millions)*
Balance at 1 January	8,997	13,977	23,953	46,927
Transfer from Stage 1 to Stage 2	(83)	988	-	905
Transfer from Stage 1 to Stage 3	(67)	-	1,033	966
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	601	(794)	(193)
Transfer from Stage 2 to Stage 1	483	(6,081)	-	(5,598)
Transfer from Stage 3 to Stage 1	19	-	(550)	(531)
Financial assets derecognised during the period other than write-offs	(494)	(397)	(5,669)	(6,560)
Net re-measurement of loss allowance	(1,628)	1,478	4,296	4,146
New financial assets originated or purchased	2,651	2,434	-	5,085
Write-offs	-	-	-	-
Monetary gain / (loss)	(1,764)	(2,739)	(4,694)	(9,197)
Balance at 31 December	**8,114**	**10,261**	**17,575**	**35,950**

(Amounts expressed in millions LAK in terms of purchasing power of the LAK at 31 December 2024, unless otherwise indicated.)

	2024			
	12 - month ECL	Lifetime ECL not credit - impaired	Lifetime ECL credit - impaired	Total
	LAK	LAK	LAK	LAK
Loans and advances to customers at amortised cost – corporate customers	*(in millions)*	*(in millions)*	*(in millions)*	*(in millions)*
Balance at 1 January	14,707	24,006	124,891	163,604
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 2 to Stage 1	231	(3,751)	-	(3,520)
Transfer from Stage 3 to Stage 1	-	-	-	-
Financial assets derecognised during the period other than write-offs	(3,232)	(10,619)	-	(13,851)
Net re-measurement of loss allowance	(1,490)	(3,777)	(3,810)	(9,077)
New financial assets originated or purchased	2,076	-	-	2,076
Write-offs	-	-	-	-
Monetary gain / (loss)	(2,123)	(3,465)	(18,027)	(23,615)
Balance at 31 December	**10,169**	**2,394**	**103,054**	**115,617**

	2023			
	12 - month ECL *in millions of Lao kip*	Lifetime ECL not credit - impaired	Lifetime ECL credit – impaired	Total
	LAK	LAK	LAK	LAK
Loans and advances to customers at amortised cost – corporate customers	*(in millions)*	*(in millions)*	*(in millions)*	*(in millions)*
Balance at 1 January	15,519	32,768	107,700	155,987
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Financial assets derecognised during the period other than write-offs	(2,160)	-	-	(2,160)
Net re-measurement of loss allowance	(216)	(2,341)	38,294	35,737
New financial assets originated or purchased	4,605	-	-	4,605
Write-offs	-	-	-	-
Monetary gain / (loss)	(3,041)	(6,421)	(21,103)	(30,565)
Balance at 31 December	**14,707**	**24,006**	**124,891**	**163,604**

	2024	2023
	12 - month ECL	12 - month ECL
	LAK (in millions)	
Cash and cash equivalents		
Balance at 1 January	2,848	2,714
Net movement in cash and cash equivalents	315	134
Balance at 31 December	**3,163**	**2,848**
Loan commitments and financial guarantee contracts		
Balance at 1 January	732	852
Net new loan commitments and financial guarantees issued	223	(120)
Balance at 31 December	**955**	**732**

(h) Concentrations of credit risk

The Bank monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from loans and advances, loan commitments and financial guarantees is shown below.

	Loans and advances to customers		**Loan commitments and financial guarantees issued**	
	2024	**2023**	**2024**	**2023**
	LAK (in millions)	LAK (in millions)	LAK (in millions)	LAK (in millions)
Carrying amount	1,673,156	2,126,645	-	-
Amount committed/guaranteed	-	-	108,744	138,419
Concentration by sector				
Corporate:	962,018	1,386,610	70,580	115,541
Service	665,119	797,117	-	-
Electricity	-	82,672	-	-
Other	296,899	506,821	-	-
Government	-	-	-	-
Banks	-	-	-	-
Retail	711,138	740,035	38,164	22,878
	1,673,156	**2,126,645**	**108,744**	**138,419**
Concentration by location				
Lao PDR	1,673,156	2,126,645	108,744	138,419
	1,673,156	**2,126,645**	**108,744**	**138,419**

Liquidity Risk

a) Exposure to liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its obligations as they fall due because of an inability to liquidate assets or obtain sufficient funding in a timely manner at an appropriate cost which could result in losses.

The Bank manages its liquidity risk under Bank of Laos's liquidity reserve regulations and other applicable regulations by sourcing for short-term and long-term funding, investing in highly liquid assets in both domestic and foreign currencies, maintaining liquidity ratio in order to ensure that the Bank has sufficient liquidity to support net cash outflows under liquidity stress scenario, and setting up various tools and limits for risk measurement, monitoring and control, and reporting such as Liquidity Gap 1-month. Moreover, the Bank also ensures that its liquidity position is suitable and sufficient for operations under both normal and critical situations.

(Amounts expressed in millions LAK in terms of purchasing power of the LAK at 31 December 2024, unless otherwise indicated.)

Financial assets and liabilities, classified by contractual maturity analysis, as of 31 December 2024 and 2023 as follows:

	At call	Less than 6 Months	6 Months to 1 Year	2024 Over 1 Year to 5 Years *LAK (in million)*	Over 5 Years	No Maturity	Total
Financial assets							
Cash	65,012	-	-	-	-	-	65,012
Deposits with other banks*	1,044,825	-	-	-	-	-	1,044,825
Statutory deposits with Central Bank	179,430	-	-	-	-	153,889	333,319
Loans to customers	-	411,018	182,496	414,233	643,492	-	1,651,239
Accrued interest receivables	-	28,140	-	-	-	-	28,140
Total financial assets	**1,289,267**	**439,158**	**182,496**	**414,233**	**643,492**	**153,889**	**3,122,535**
Financial liabilities							
Deposits from customers*	1,165,794	-	-	8	1,025,909	-	2,191,711
Deposits from other banks*	-	-	-	117,145	-	-	117,145
Borrowings*	-	-	-	-	-	-	-
Accrued interest payables	-	35,542	-	-	-	-	35,542
Total financial liabilities	**1,165,794**	**35,542**	-	**117,153**	**1,025,909**	-	**2,344,398**
Liquidity – net	**123,473**	**403,616**	**182,496**	**297,080**	**(382,417)**	**153,889**	**778,137**
Liquidity -accumulative net	**123,473**	**527,089**	**709,585**	**1,006,665**	**624,248**	**778,137**	**778,137**

* The amount is exclusive of accrued interest expense

				2023			
	At call	Less than 6 Months	6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	No Maturity	Total
				LAK (in millions)			
Financial assets							
Cash	101,556	-	-	-	-	-	101,556
Deposits with other banks*	1,426,695	-	-	-	-	-	1,426,695
Statutory deposits with Central Bank	150,721	-	-	-	-	201,929	352,650
Loans to customers	-	395,666	186,667	707,607	807,321	-	2,097,261
Accrued interest receivables	-	33,784	-	-	-	-	33,784
Total financial assets	**1,678,972**	**429,450**	**186,667**	**707,607**	**807,321**	**201,929**	**4,011,946**
Financial liabilities							
Deposits from customers*	1,981,639	-	-	18	960,184	-	2,941,841
Deposits from other banks*	-	-	-	14,146	-	-	14,146
Borrowings*	-	-	-	191,357	-	-	191,357
Accrued interest payables	-	29,430	-	-	-	-	29,430
Total financial liabilities	**1,981,639**	**29,430**	**-**	**205,521**	**960,184**	**-**	**3,176,774**
Liquidity – net	**(302,667)**	**400,020**	**186,667**	**502,086**	**(152,863)**	**201,929**	**835,172**
Liquidity -accumulative net	**(302,667)**	**97,353**	**284,020**	**786,106**	**633,243**	**835,172**	**835,172**

* The amount is exclusive of accrued interest expense

b) Liquidity reserves

The following table sets out the components of the Bank's liquidity reserves

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	LAK (in millions)			
Balances with central banks	333,319	333,319	352,650	352,650
Cash and balances with other banks	1,109,837	1,109,837	1,528,251	1,528,251
Total liquidity reserves	**1,443,156**	**1,443,156**	**1,880,901**	**1,880,901**

c) Financial assets available to support future funding

The following table sets out the availability of the Bank's financial assets to support future funding.

		31 December 2024				
		Encumbered		Unencumbered		
	Note	Pledged as collateral	Other*	Available as collateral	Other**	Total
		LAK (in millions)				
Cash and cash equivalents		-	-	-	1,289,267	1,289,267
Statutory deposits with Central Bank		-	153,889	-	-	153,889
Loans and advances		-	-	-	1,651,239	1,651,239
Total assets		**-**	**153,889**	**-**	**2,940,506**	**3,094,395**

* Represents assets that are not pledged but that the Bank believes it is restricted from using to secure funding, for legal or other reasons.

** Represents assets that are not restricted for use as collateral, but that the Bank would not consider readily available to secure funding in the normal course of business.

		31 December 2023				
		Encumbered		Unencumbered		
	Note	Pledged as collateral	Other*	Available as collateral	Other**	Total
		LAK (in millions)				
Cash and cash equivalents		-	-	-	1,678,972	1,678,972
Statutory deposits with Central Bank		-	201,929	-	-	201,929
Loans and advances		-	-	-	2,097,261	2,097,261
Total assets		**-**	**201,929**	**-**	**3,776,233**	**3,978,162**

(Amounts expressed in millions LAK in terms of purchasing power of the LAK at 31 December 2024, unless otherwise indicated.)

* Represents assets that are not pledged but that the Bank believes it is restricted from using to secure funding, for legal or other reasons.

** Represents assets that are not restricted for use as collateral, but that the Bank would not consider readily available to secure funding in the normal course of business.

Market risk

Market risk may arise from changes in interest rate, foreign exchange, securities and commodity prices. There are two major market risks that affect the Bank which are changes in interest rate and foreign exchange. These changes affect the Bank's present and future income, capital, as well as the value of financial assets and liabilities. Essential infrastructures and processes have been developed to appropriately and timely manage market risk.

d) **Interest rate risk**

Interest rate risk is the risk arising from changes in interest rates which may affect the value of the Bank's financial instruments, or may cause volatility in the Bank's earnings, capital, financial assets and liabilities, both the current reporting period and in the future. The Bank has employed various tools to manage interest rate risk, such as interest rate gap and net interest income (NII) sensitivity.

An analysis of loans at fixed and floating interest rates as of 31 December 2024 and 31 December 2023 are as follows:

	2024 *LAK (in million)*	2023 *LAK (in million)*
Fixed interest rates	1,651,239	2,097,261
Floating interest rates*	-	-
Total loans	**1,651,239**	**2,097,261**

* There were no loans disbursed on floating rate of interest as at 31 December 2024 and 31 December 2023.

The average balances of the interest-bearing financial assets and liabilities of the Bank, calculated by using monthly average, and the average interest rates for the year ended 31 December 2024 and 2023 are as follows:

		2024	
	Average balance	Interest income/ expense	Average interest rate (%)
		LAK (in millions)	
Financial assets			
Deposits with other banks	1,132,795	44,521	3.9%
Loans to customers	1,722,890	155,514	9.0%
Total financial assets	**2,855,685**	**200,035**	
Financial liabilities			
Deposits from customers	2,354,462	48,648	2.1%
Deposits from other banks	64,625	3,550	5.5%
Borrowings	81,868	3,787	4.6%
Total financial liabilities	**2,500,955**	**55,985**	

		2023	
	Average balance	Interest income/ Expense	Average interest rate (%)
		LAK (in millions)	
Financial assets			
Deposits with other banks	1,049,401	20,114	1.9%
Loans to customers	1,990,461	170,454	8.6%
Total financial assets	**3,039,862**	**190,568**	
Financial liabilities			
Deposits from customers	2,458,116	38,763	1.6%
Deposits from other banks	36,572	236	0.6%
Borrowings	176,168	5,312	3.0%
Total financial liabilities	**2,670,856**	**44,311**	

e) Foreign exchange rate risk

Foreign exchange rate risk is the risk that occurs from changes in exchange rates which may affect the value of the Bank's financial instruments or may cause volatility in the Bank's earnings, capital, financial assets and liabilities, both in the current reporting period and in the future. Example of the tools adopted for managing foreign exchange rate risk are, for instance, open position limit (OPL) and management action trigger (MAT).

Foreign currency positions in LAK equivalent, as of 31 December 2024 were as follows:

	2024 Currency			
	USD	THB	Others	Total
	LAK (in millions)			
Financial assets				
Cash	15,771	5,466	21,569	42,806
Deposits with other banks	587,921	89,581	366,334	1,043,836
Balances with Central bank	193,064	76,453	-	269,517
Loans to customer and accrued interest receivables	1,020,795	38,943	82	1,059,820
Total financial assets	**1,817,551**	**210,443**	**387,985**	**2,415,979**
Financial liabilities				
Deposits from customers	1,452,089	200,048	326,306	1,978,443
Deposits from other banks	107,778	101	9,071	116,950
Borrowings	-	-	-	-
Total financial liabilities	**1,559,867**	**200,149**	**335,377**	**2,095,393**
Foreign currency position of items recognised on the statement of financial position - net	**257,684**	**10,294**	**52,608**	**320,586**

Foreign currency positions in LAK equivalent, as of 31 December 2023 were as follows:

	2023			
	Currency			
	US Dollar	THB	Others	Total
	LAK (in millions)			
Financial assets				
Cash	20,363	6,491	49,362	76,216
Deposits with other banks	1,152,678	53,362	217,157	1,423,197
Balances with Central bank	212,224	36,268	-	248,492
Loans to customer and accrued interest receivables	1,330,032	61,722	83,310	1,475,064
Total financial assets	**2,715,297**	**157,843**	**349,829**	**3,222,969**
Financial liabilities				
Deposits from customers	2,247,851	133,027	319,936	2,700,814
Deposits from other banks	342	2,860	10,648	13,850
Borrowings	-	-	191,357	191,357
Total financial liabilities	**2,248,193**	**135,887**	**521,941**	**2,906,021**
Foreign currency position of items recognised on the statement of financial position - net	**467,104**	**21,956**	**(172,112)**	**316,948**

(Amounts expressed in millions LAK in terms of purchasing power of the LAK at 31 December 2024, unless otherwise indicated.)

Exposure to interest rate risk

				2024			
	At call	Less than 6 Months	6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	Non Repricing	Total
				LAK (in million)			
Financial assets							
Cash	65,012	-	-	-	-	-	65,012
Deposits with other banks*	1,044,825	-	-	-	-	-	1,044,825
Statutory deposits with Central Bank	179,430	-	-	-	-	153,889	333,319
Loans to customers	-	411,018	182,496	414,233	643,492	-	1,651,239
Accrued interest receivables	-	28,140	-	-	-	-	28,140
Total financial assets	**1,289,267**	**439,158**	**182,496**	**414,233**	**643,492**	**153,889**	**3,122,535**
Financial liabilities							
Deposits from customers*	1,165,794	-	-	8	1,025,909	-	2,191,711
Deposits from other banks*	-	-	-	117,145	-	-	117,145
Borrowings*	-	-	-	-	-	-	-
Accrued interest payables	-	35,542	-	-	-	-	35,542
Total financial liabilities	**1,165,794**	**35,542**	-	**117,153**	**1,025,909**	-	**2,344,398**
Difference of financial reporting items	**123,473**	**403,616**	**182,496**	**297,080**	**(382,417)**	**153,889**	**778,137**

* The amount is exclusive of accrued interest expense

Exposure to interest rate risk (continued)

	2023						
	At call	Less than 6 Months	6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	Non Repricing	Carrying amount
				LAK (in millions)			
Financial assets							
Cash	101,556	-	-	-	-	-	101,556
Deposits with other banks*	1,426,695	-	-	-	-	-	1,426,695
Statutory deposits with Central Bank	150,721	-	-	-	-	201,929	352,650
Loans to customers	-	395,666	186,667	707,607	807,321	-	2,097,261
Accrued interest receivables	-	33,784	-	-	-	-	33,784
Total financial assets	**1,678,972**	**429,450**	**186,667**	**707,607**	**807,321**	**201,929**	**4,011,946**
Financial liabilities							
Deposits from customers*	1,981,639	-	-	18	960,184	-	2,941,841
Deposits from other banks*	-	-	-	14,146	-	-	14,146
Borrowings*	-	-	-	191,357	-	-	191,357
Accrued interest payables	-	29,430	-	-	-	-	29,430
Total financial liabilities	**1,981,639**	**29,430**	**-**	**205,521**	**960,184**	**-**	**3,176,774**
Difference of financial reporting items	**(302,667)**	**400,020**	**186,667**	**502,086**	**(152,863)**	**201,929**	**835,172**

* The amount is exclusive of accrued interest expense

Financial assets and financial liabilities

- **Classification of financial assets and financial liabilities**

The following table provides a reconciliation between significant line items in the statement of financial position and categories of financial instruments.

31 December 2024	Amortised cost	Total carrying amount
	LAK (in millions)	*LAK (in millions)*
Cash and cash equivalents	1,109,837	1,115,319
Loans and advances to customers, net	1,651,239	1,525,284
Statutory deposits with Central Bank	333,319	333,319
Total financial assets	**3,094,395**	**2,973,922**
Deposits from banks	117,145	117,208
Deposits from customers	2,191,711	2,227,190
Borrowings	-	-
Total financial liabilities	**2,308,856**	**2,344,398**

31 December 2023	Amortised cost	Total carrying amount
	LAK (in millions)	*LAK (in millions)*
Cash and cash equivalents	1,528,251	1,531,838
Loans and advances to customers, net	2,097,261	1,927,091
Statutory deposits with Central Bank	352,650	352,650
Total financial assets	**3,978,162**	**3,811,579**
Deposits from banks	14,146	14,146
Deposits from customers	2,941,841	2,970,008
Borrowings	191,357	192,620
Total financial liabilities	**3,147,344**	**3,176,774**

27 Capital management

The Bank maintains minimum regulatory capital in accordance with Regulation No 536/BFSD/BOL dated 14 October 2009 by the Governor of Commercial Bank Supervision Department of BOL and other detailed guidance. The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements by the BOL. The Bank recognises the need to maintain effectiveness of assets and liabilities management to balance its profit and capital adequacy.

In accordance with Regulation 536/BFSD/BOL the Bank's regulatory capital is analysed into two tiers:

- Tier 1 capital, which includes chartered capital, regulatory reserve fund, business expansion fund and other funds, and retained earnings;
- Tier 2 capital, which includes qualifying subordinated liabilities, general provisions and the element of fair value reserve relating to unrealized gains/losses on equity instruments classified as available for sale.

• Various limits are applied to elements of the capital base: qualifying tier 2 cannot exceed tier 1 capital and qualifying subordinated liabilities may not exceed 50 percent of tier 1 capital.

An analysis of the Bank's capital is based on the template formulated by BOL, this below CAR is used as a reference to determine if BFL complies with BOL's CAR requirements. BFL's CAR as at 31 December is as follows:

Items	*31 December 2024 LAK (in millions)*	*31 December 2023 LAK (in millions)*
Tier 1 capital	542,294	487,510
Tier 2 capital	72,774	60,753
Total capital	**615,068**	**548,263**
Less: Deductions from capital (Investments in other credit and financial institutions)	-	-
Capital for CAR calculation (A)	**615,068**	**548,263**
Risk weighted balance sheet items	1,067,896	1,159,023
Risk weighted off balance sheet items	56,763	70,330
Total risk weighted assets (B)	**1,124,659**	**1,229,353**
Capital Adequacy Ratio (A/B)	**54.69%**	**44.60%**

28 Fair value of financial assets and liabilities

Methods and assumptions used by the Bank in estimating the fair values of financial assets and liabilities are as follows:

The fair value of cash, interbank and money market items (assets), statutory deposits with Central Bank, other financial assets, deposits, interbank and money market items (liabilities), liabilities payables on demand and other financial liabilities are approximately based on their carrying values at the reporting date due to their short-term duration.

The fair value of fixed-rate loans and advances to customers is estimated using discounted cash flow analysis and interest rates currently being offered for loans and advances to customers with similar credit quality. As at 31st December 2024 there were no loans outstanding on floating interest rates.

Fair value hierarchy

When measuring the fair value of an asset or a liability, the Bank uses market observable data as far as possible. Fair value measurements for assets and liabilities are categorised into different levels in the fair value hierarchy based on the inputs used in valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on unobservable market data (unobservable input).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the year ended 31 December 2024 and 2023.

Financial assets and liabilities measured at fair value

The Bank has no financial assets and liabilities measured at fair value as at 31 December 2024 and 2023. Therefore, there is no analysis of financial assets and liabilities recorded at fair value by level of the fair value hierarchy.

Financial assets and liabilities not measured at fair value

The following table analyses financial assets and liabilities not measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
			LAK *(in millions)*		
31 December 2024					
Financial assets					
Cash	65,012	-	65,012	-	65,012
Interbank and money market items	1,050,307	-	1,050,307	-	1,050,307
Statutory deposits with Central Bank	333,319	-	333,319	-	333,319
Loans to customers and accrued interest receivable, net	1,525,284	-	-	1,525,284	1,525,284
Financial liabilities					
Deposits	2,227,190	-	2,227,190	-	2,227,190
Interbank and money market items	117,208	-	117,208	-	117,208

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
			LAK *(in millions)*		
31 December 2023					
Financial assets					
Cash	101,556	-	101,556	-	101,556
Interbank and money market items	1,430,282	-	1,430,282	-	1,430,282
Statutory deposits with Central Bank	352,650	-	352,650	-	352,650
Loans to customers and accrued interest receivable, net	1,927,091	-	-	1,927,091	1,927,091
Financial liabilities					
Deposits	2,970,008	-	2,970,008	-	2,970,008
Interbank and money market items	14,146	-	14,146	-	14,146
Other financial liabilities	192,620	-	192,620	-	192,620

(Amounts expressed in millions LAK in terms of purchasing power of the LAK at 31 December 2024, unless otherwise indicated.)

29 Subsequent events

Other than as disclosed elsewhere in these financial statements, at the date of this report, there were no events, which occurred subsequent to 31 December 2024 that significantly impacted the financial position of the Bank as at 31 December 2024.

30 International Financial Reporting Standards (IFRS) not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2025; however. the Bank has not applied the following new or amended standards in preparing these financial statements.

IFRS Amended Standards	Topic	Year effective
IAS 21	Lack of Exchangeability	2025
IFRS 9 & IFRS 7	Classification and measurement of financial instruments	2026
IFRS 18	Presentation and Disclosure in financial statements	2027

The Bank is assessing the potential impact on its financial statements resulting from the application of these new standards.