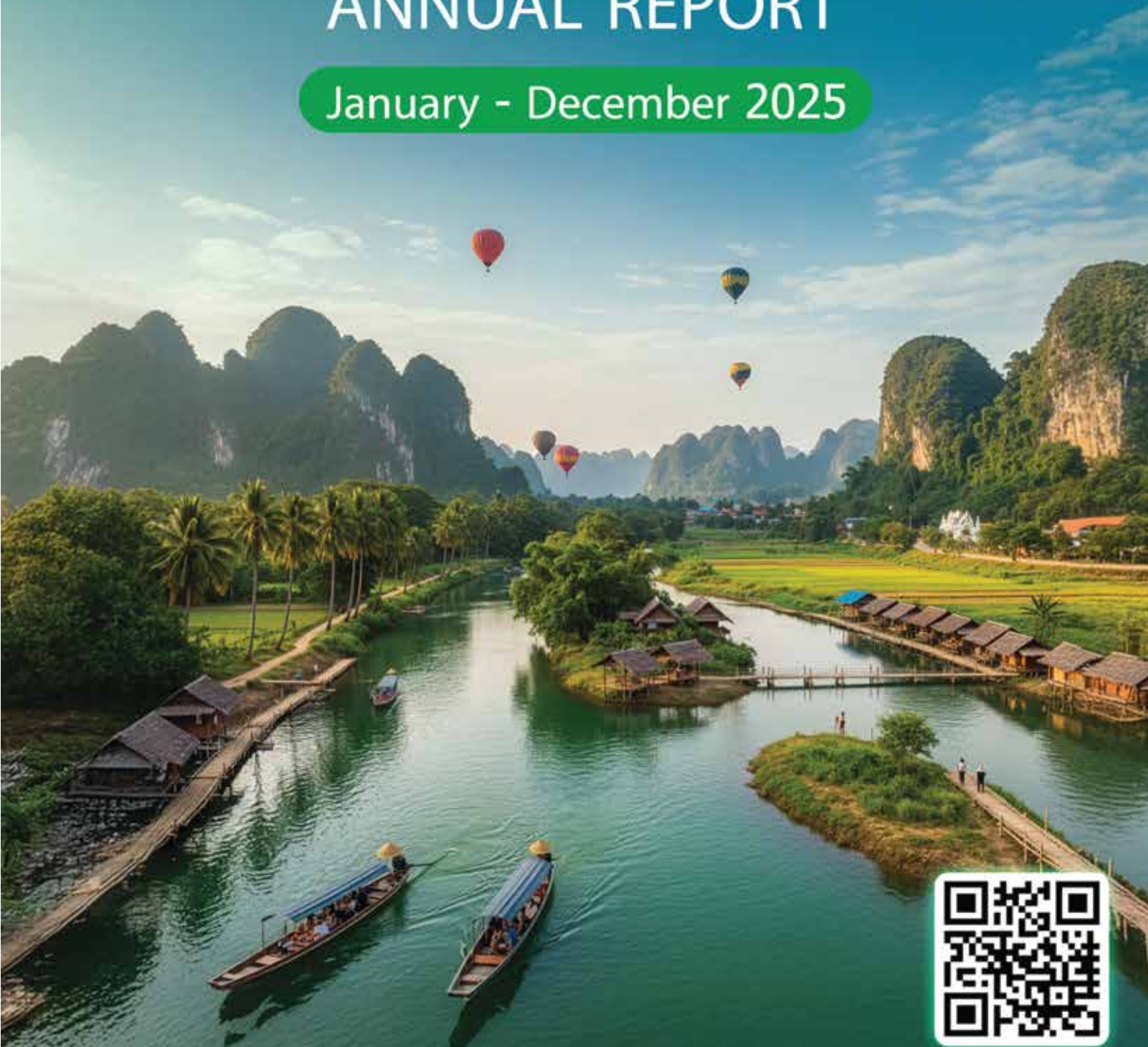




KASIKORNTHAI BANK SOLE LIMITED

January - December 2025



+856 21410888 <http://www.kasikornbank.com.la>



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开泰银行 KASIKORNTHAIBANK

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Business Opportunities in AEC+3

With a population exceeding 680 million, ASEAN surpasses both the EU and North America and possesses the world's third-largest labor force, trailing only behind India and China. Since its establishment, the strategic bloc has witnessed growth across diverse sectors. By 2030, ASEANs projected to become the world's fourth-largest economy, with domestic consumption projected to reach US\$4 trillion, accounting for 4% of global consumption, following the US (22%), China (12%), and India (6%).

According to the Asian Development Bank, Southeast Asia's GDP growth forecasts have been revised upward to 4.5% for 2025 and 4.4% for 2026, underscoring the region's continued resilience and appeal as a dynamic investment destination. Despite global uncertainties, the ASEAN economy remains supported by robust export performance and expanding sectoral opportunities, particularly in manufacturing, services, and the digital economy. While some economies face domestic challenges such as high household debt and infrastructure constraints, the overall region continues to benefit from proactive policy support and strong economic fundamentals. With its growing consumer base, deepening regional integration, and adaptability to global shifts, ASEAN offers a compelling long-term growth story for investors seeking diversified exposure in emerging Asia.

ASEAN remains a hotspot for global investment, attracting a record US\$226 billion in foreign direct investment (FDI) in 2024, marking an 8.5% increase despite an 11% decline in global flows. The region is expected to continue its strong performance, with projections of annual FDI inflows exceeding US\$300 billion through 2030. Greenfield investment in supply chain-intensive sectors grew steadily, with electronics, semiconductors, and digital economy projects accounting for a significant share of total FDI. Investment in manufacturing, finance, trade, and digital services remained robust, supported by rising intra-ASEAN flows and continued commitments from key partners including China, the U.S., and the EU.

Laos' economic landscape is notably characterized by the emphasis on renewable energy generation and electricity export, driven by policies that promote energy development and attract FDI, particularly in the hydropower. Foreign investments, along with active participation from multinational enterprises (MNEs) in energy development, have positioned Laos as the leading electricity exporter among the Least Developed Countries (LDCs) and earned it the title of the "Battery of Southeast Asia." The country currently benefits from having the world's largest floating solar farm at the Nam Ngum 1 River Basin, as well as the Monsoon Wind Farm, which is the largest wind farm in ASEAN.

Looking ahead to 2026, Lao PDR's economy is expected to maintain steady growth of around 4.2%, supported by structural strengths in power generation and the continued recovery of tourism. Rising regional demand for clean energy and improved cross-border connectivity, particularly via the China–Laos railway, are expected to support export earnings and service-sector activity. Macroeconomic conditions have improved with easing inflation, stronger fiscal discipline, and enhanced investor confidence. However, the economy remains sensitive to regional developments in Thailand, China, and Vietnam, while high public debt and external demand uncertainty continue to pose downside risks to domestic economic activity.

KASIKORNTHAI BANK SOLE LIMITED (KBank Laos) is unwavering in its dedication to serving customers and equipping them to navigate challenging macroeconomic conditions. The bank achieves this by continually expanding and advancing its array of financial services and solutions. KBank's extensive presence within the ASEAN Economic Community facilitates connections between Lao businesses and global prospects, underscoring the bank's commitment to delivering reliable and sustainable growth to its customers as a trusted partner.



KASIKORNTHAI BANK SOLE LIMITED Vision, Purpose, and Core Values

Vision

KASIKORNTHAI BANK SOLE LIMITED aims to be the most innovative, proactive, and customer centric financial institution, delivering world class financial services and sustainable value for all stakeholders and harmoniously combining technology and talent.

Purpose

Delivering Sustainable Value to Stakeholders

- Customer : Make our customers successful in their life and business
- Shareholder : Generate sustainable total return
- Employee : Provide learn and lead opportunities
- Regulator : Co-Create future of finance
- Society : Thrive for better quality of living

Core Values



Customer at Heart



Productivity with Value



Innovation that Scales



Trustworthy

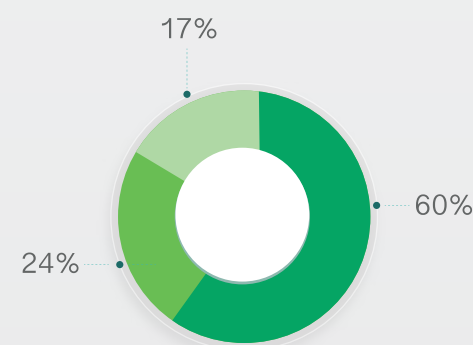


Integrity



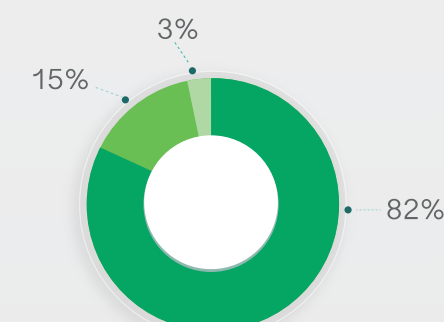
KASIKORNTHAI BANK SOLE LIMITED Financial Highlights

Total Assets



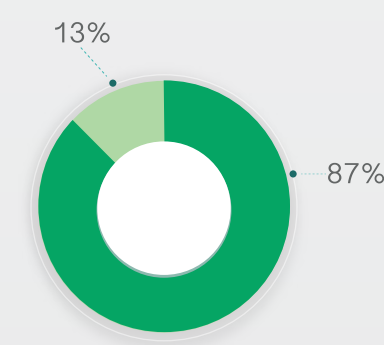
- Cash and Cash Equivalents
- Loans and Advances to Customers
- Others

Total Liabilities



- Deposits
- Borrowing
- Others

Net Operating Income



- Net Interest Income
- Net Fee and Commission

Unit : Thousand of LAK

	1 January 2024 to 31 December 2024	1 January 2025 to 31 December 2025
Total Assets	3,285,252	2,820,579
Total Liabilities	2,667,956	2,149,575
Net Interest Income	57,603	83,713
Net Fee and Commission Income	15,391	12,802
Net Operating Income	72,994	96,515
Total Operating Income	129,737	119,844
Total Operating Expense	99,249	64,041
Profit before Income Tax	30,488	55,803
Net profit	18,618	53,708



Total Assets

As of December 31, 2025, KASIKORNTHAI BANK SOLE LIMITED ("KBank Lao") has total assets in equivalent to LAK 2,820,579 million with loan size, to both public and private sectors, at 1,681,247 million in total. KBank Lao also maintains sustainable liquidity for increase of loan in year 2026



Total Liabilities

Total liabilities as of December 31, 2025 is LAK 2,149,575 million with deposits totaled LAK 1,753,436 million from customers and other financial institution



Net Operating Income

For the year ended 2025, KASIKORNTHAI BANK Sole Limited has net operating income totaled LAK 96,515 million which comprises of net interest income totaled LAK 83,713 million, net fee and commission income totaled LAK 12,802 million. In comparison with 2024 full year operation, net operating income has increased mainly from interest income.



Net Profit

KASIKORNTHAI BANK Sole Limited has profit before income tax totaled LAK 55,803 million and net profit for the year 2025 totaled LAK 53,708 million which is higher from year 2024 due to well cost management and reversal of expected credit loss on financial assets.

Chairman Message

The Lao People's Democratic Republic continues to move toward greater economic stability amid ongoing global uncertainties. Economic activity remains supported by key sectors such as power generation and tourism, which continue to contribute to growth and foreign exchange inflows, helping to support overall economic conditions.

In this environment, KBank Laos continues to operate as a locally incorporated financial institution serving the needs of the Lao economy. We provide core banking services, including corporate lending, trade finance, foreign exchange, and cash management, to support business and economic activities. Through close cooperation with the KASIKORNBANK Group, we leverage regional experience and expertise to support our customers' business activities.

Looking ahead, KBank Laos will continue to develop its business in line with market conditions. Our focus remains on maintaining strong asset quality, effective risk management, and well-controlled operations, while supporting sustainable economic activities that contribute to long-term growth and stability in Lao PDR.



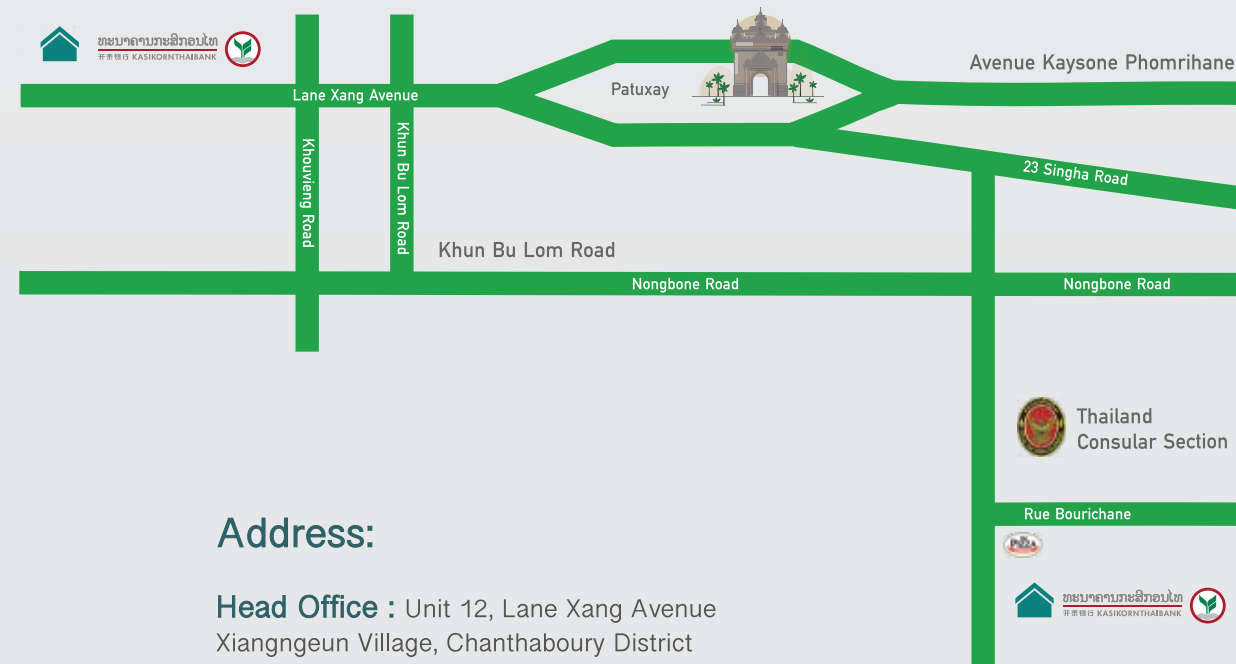
In closing, on behalf of the Board of Directors, I would like to express my sincere appreciation to the Bank of Lao PDR for its guidance and support. We also thank our customers, partners, and employees for their continued trust and cooperation. KBank Laos remains committed to contributing positively to the long-term solid development of the Lao economy.

Mr. Pattanapong Tansomboon
Chairman

Part 1 Corporate Background

1.1 Corporate Information

Registered Name	KASIKORNTHAI BANK SOLE LIMIED
Enterprise Registration No.	1343/ERO
Bank License No.	06/BOL
Established Date	October 16, 2014
Chairman	Mr. Pattanapong Tansomboon
Country Director	Ms. Sudamas Sutanganu
Registered Office	Unit 12, Lane Xang Avenue, Xiangngeun Village, Chanthaboury District, Vientiane Capital, Lao PDR
Telephone No.	+856 21 410 888
Website	http://www.kasikornbank.com.la



Address:

Head Office : Unit 12, Lane Xang Avenue
Xiangngeun Village, Chanthaboury District
Vientiane Capital, Lao PDR

Ban Ponesinun Branch : Unit 14, Ban Ponesinuan
Sysattanak District, Vientiane Capital, Lao PDR

1.2 Overview of KASIKORNBANK PUBLIC COMPANY LIMITED

The KASIKORNBANK PUBLIC COMPANY LIMITED (KBank) was established on June 8, 1945, and has been listed on the Stock Exchange of Thailand since 1976. For over 80 years, the Bank has conducted business in line with the principles of being a Bank of Sustainability under good corporate governance, as well as appropriate risk and cost management. Additionally, we remain committed to driving sustainable prosperity by elevating and unleashing the full potential of every life and business we touch. Through trusted and innovative financial solutions, delivered with heart, we empower success that transforms lives and uplifts our beloved nation, Thailand. We don't just serve Thailand; we are building the future of ASEAN+3. And we believe that begins with our people.

Presently, KBank engages in commercial banking business, securities business, and related businesses, as permitted under the Financial Institution Business Act, Securities and Exchange Act, and other related regulations. KBank offers financial products and services via branches and digital banking channels. KBank's wholly owned subsidiaries boast expertise in business operations and provision of various financial services such as fund management, economic and financial research, securities brokerage, and financial advisory, as well as auto hire-purchase and leasing, with the aim of meeting the needs of all customer segments through providing the most satisfying service experience.

To better serve customers in all dimensions, KBank leverages synergies among wholly owned subsidiaries (K Companies) which specialize in different fields:



- KASIKORN ASSET MANAGEMENT CO., LTD. (KAsset)
- KASIKORN RESEARCH CENTER CO., LTD. (KResearch)
- KASIKORN SECURITIES PCL. (KSecurities)
- KASIKORN LEASING CO., LTD. (KLeasing)
- KASIKORN FACTORY & EQUIPMENT CO., LTD. (KF&E)
- KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG)





KBank is also a major shareholder of our locally incorporated commercial bank in Lao PDR and China named KASIKORNTHAI BANK SOLE LIMITED and KASIKORNBANK (CHINA) CO., LTD. respectively, which work closely together to provide the most effective services by leveraging expertise of our local and international staffs.

KBank established its footprint in Lao PDR in late 2014, marking the first time a locally incorporated commercial bank from Thailand entered the market. This was made possible through Enterprise Registration 1343/ERO, granted by the Enterprise Registration Office of Lao PDR. The bank is a subsidiary of the esteemed KASIKORNBANK PUBLIC COMPANY LIMITED. Currently, KBank Laos operates two offices in Vientiane, the Ban Ponesinuan branch and the Lane Xang Head Office. The bank offers a comprehensive range of financial products and services tailored to both business and individual clients in Laos, including international transfers, foreign exchange, local and foreign currency deposit accounts, as well as long-term and short-term loans in Lao Kip, US dollars, and Thai Baht. To further enhance accessibility, KBank Laos has established dedicated financial service centers at both offices, which are specifically designed to cater to the needs of High-Net-Worth individuals.

Building on this foundation, KBank Laos continues to enhance its product and service offerings to better meet evolving customer needs. KBank Laos is expanding transactional banking services to generate fee-based income, broadening local and foreign currency deposit products to serve a broad range of customer segments, and strengthening corporate lending solutions to support business growth. These initiatives are implemented alongside disciplined credit standards, with a continued commitment to maintaining strong asset quality and a zero NPL track record.

Looking ahead, KBank Laos remains confident in its growth prospects. As we step into our tenth year of well-established operations in Lao PDR, KBank will further develop products and services to meet diverse businesses and individuals' needs. We will continue to deliver great customer experiences in Lao PDR to match our slogan, "Towards Service Excellence".

Part 2 Management Discussion and Analysis

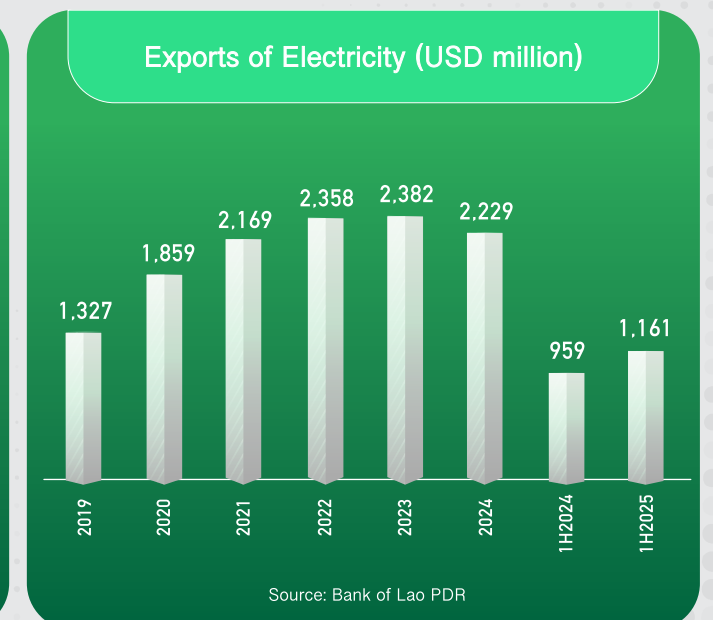
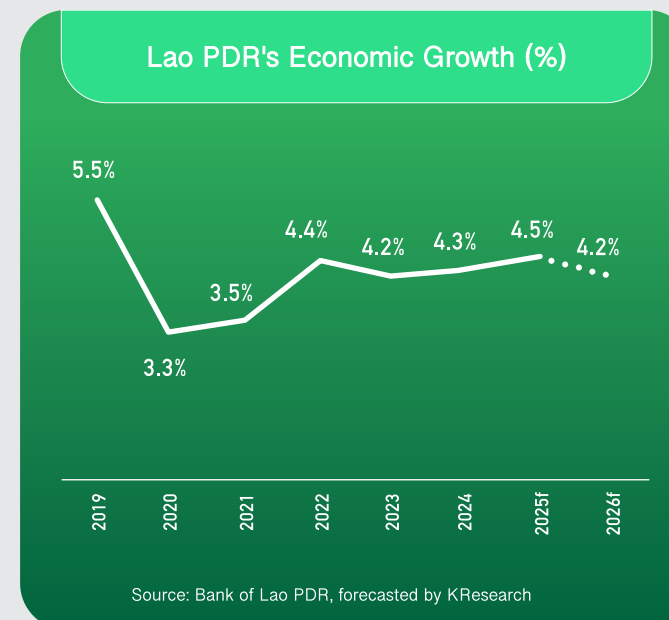
2.1 Lao PDR Economic Overview

Lao PDR's economy is expected to maintain steady growth momentum despite a challenging global environment. Real GDP growth is projected to reach 4.2% in 2026, moderate slightly from 2025 amid softer external demand and a global economic slowdown. Growth resilience is underpinned by structural strengths in power generation and the continued recovery of tourism, both of which provide stable sources of economic activity and foreign exchange earnings.

While external headwinds persist, Lao PDR's limited direct exposure to the U.S. market helps contain the impact of global trade policy uncertainty. Nevertheless, the economy remains sensitive to regional conditions, particularly developments in Thailand, China, and Vietnam, which together account for most of the trade, investment, and tourism flows.

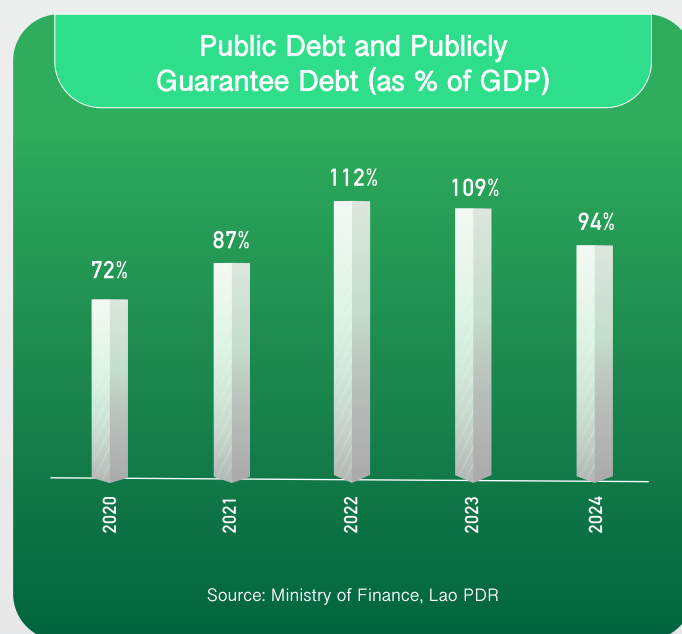
The power generation sector remains a cornerstone of Lao's PDR economy and a key driver of medium-term growth. As the country's largest recipient of foreign direct investment, the sector benefits from abundant hydropower resources and long-term electricity export agreements. Electricity exports account for approximately 15-20% of total exports, providing a stable and predictable source of foreign exchange.

In 2026, electricity exports are projected to grow steadily, supported by strong demand from Thailand and expanding export capacity to China and Vietnam. In the first half of 2025, electricity exports rose by 21% year-on-year to USD 1,161 million, underscoring the strong momentum in external demand. Looking ahead, rising regional demand for clean energy, together with ongoing investment in cross-border transmission infrastructure, is expected to further bolster export earnings, support the external balance, and strengthen the economy's capacity to service external obligations.



Tourism activity is expected to continue its recovery in 2026, with foreign visitor arrivals projected to reach approximately 5.1 million, driven mainly by travelers from neighboring countries. Improved regional connectivity, particularly through the China-Laos railway, is playing an increasingly important role in supporting domestic and cross-border travel, with passenger volumes projected at around 4.4 million.

The gradual normalization of tourism is anticipated to generate positive spillovers across the service sector, including accommodation, transportation, retail trade, and related industries. While the recovery remains vulnerable to regional economic conditions and external shocks, tourism is increasingly contributing to income generation, employment, and foreign exchange inflows.

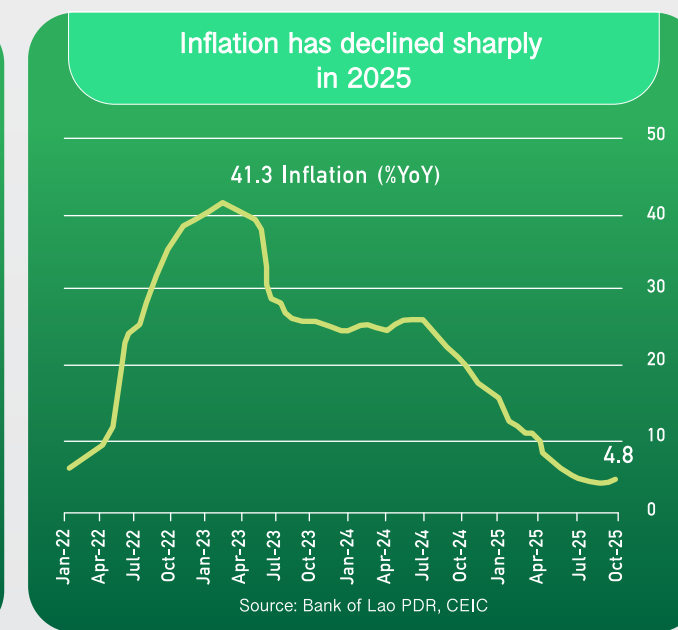


Fiscal conditions in Lao PDR have improved markedly over the past three years, reflecting sustained reform efforts and stronger revenue mobilization. Public and publicly guarantee debt declined to 94% of GDP in 2024, supported by tax base expansion, higher VAT and excise rates, improved collection efficiency through digitalization, and stricter enforcement measures. These reforms resulted in a 38% year-on-year increase in government revenue in 2024, enabling the government to maintain a balanced to surplus fiscal position.

Improved fiscal discipline and revenue performance have strengthened credibility and contributed to enhanced investor confidence, as reflected in Fitch Rating's upgrade of Lao PDR's sovereign credit rating from CCC- to CCC+. Nonetheless, public debt remains high, indicating that continued fiscal discipline and reform efforts are essential to safeguard medium-term sustainability.

Macroeconomic stability has improved significantly, with inflation declining sharply from a peak of 41.3% year-on-year in February 2023 to 4.8% in November 2025. This disinflation reflects stronger foreign exchange inflows from electricity exports and tourism, improved fiscal discipline, and greater stability in the Lao kip, particularly against the U.S. dollar.

As inflationary pressures have eased and exchange rate conditions stabilized, the Bank of Lao PDR has gained policy space to gradually normalize monetary policy. In 2025, the central bank reduced the policy rate from 10.5% to 8.5% through four rate cuts. Looking ahead, further monetary easing is expected, although the pace and magnitude will remain data-dependent, balancing the need to support economic activity with the objective of preserving price stability and financial system resilience.



Overall, Lao PDR's economic outlook for 2026 remains cautiously optimistic, supported by structural growth drivers, improved fiscal performance, and easing macroeconomic pressures. However, downside risks persist, including high public debt level and sensitivity to external demand conditions. Sustaining macroeconomic stability will require continued progress in fiscal consolidation, prudent monetary policy normalization, and ongoing structural reforms. These efforts will be critical in supporting sustainable growth and maintaining confidence in Lao PDR's economic and financial outlook over the medium term.

2.2 2025 Business Performance and Business Directions of KASIKORNTHAI BANK SOLE LIMITED for Year 2026

In 2025, KBank Laos operated in a business environment shaped by several challenges. These included the management of cost of funds in LAK, the introduction of new regulatory and compliance requirements, and a reduction in policy rates. During the year, profitability was supported by effective cost control and stable core income. Asset quality remained well managed, with zero non-performing loans maintained throughout the year.

In 2026, KBank Laos will focus on expanding its loan portfolio, with particular emphasis on corporate lending, while maintaining appropriate credit standards. KBank Laos' priorities are centered on supporting customers' business needs, strengthening core banking activities, and maintaining asset quality.

Key initiatives for the year will include continued efforts to generate fee income through transactional services and deposit products that respond to customer needs. Corporate banking activities will remain a core focus, alongside ongoing oversight of asset quality to maintain a zero non-performing loan position. At the same time, KBank Laos will place greater emphasis on operational excellence by strengthening internal processes and improving efficiency to support consistent and reliable service delivery.



Throughout 2026, KBank Laos will continue to grow its corporate loan portfolio while maintaining strong asset quality and effective risk management. By focusing on core lending activities, operational excellence, and stable income development, KBank Laos aims to strengthen its business foundation and continue serving customers and stakeholders over the long term.

Part 3 Organization Structure

3.1 Shareholder

KASIKORNBANK PUBLIC COMPANY LIMITED 100%

3.2 Board of Directors

1.	Mr. Pattanapong	Tansomboon	Chairman
2.	Mr. Photjanart	Sangpruaksa	Deputy Chairman
3.	Mr. Sasawat	Virapriya	Independent Director
4.	Mr. Anuwat	Sriudom	Director
5.	Ms. Natcha	Argasreog	Director
6.	Mr. Worakit	Pongthanapisit	Director
7.	Ms. Sudamas	Sutangkanu	Director



Mr. Pattanapong Tansomboon

Chairman

Mr. Pattanapong Tansomboon has dedicated more than 30 years of his career to KASIKORNBANK PCL. He possesses extensive and well-rounded experience across multiple domains of the financial industry, including risk management, multi-corporate business, SME banking, product management, and international business management. His diverse expertise and long-standing leadership have significantly contributed to the bank's strategic development and operational excellence.



Mr. Photjanart Sangpruaksa

Deputy Chairman

Mr. Photjanart Sangpruaksa has more than 20 years of experience in the financial services industry, covering capital markets, corporate credit product management, and cash management. He began his career at KASIKORNBANK PCL as First Vice President of the Corporate Finance Department, and subsequently advanced to Senior Vice President of the Corporate Credit Product Management Department, the Housing Loan Alliance and Promotion Management Department, and the Credit Products Business Integration and Planning Department. He currently serves as First Senior Vice President of the World Business Group Division at KASIKORNBANK PCL. In this role, he oversees the Product Management Chapters, which include corporate credit, transactional banking, and digital high-yield lending.



Mr. Sasawat Virapriya

Independent Director

Mr. Sasawat Virapriya brings more than 30 years of top management experience across both banking and non-banking sectors. Before being appointed as an Independent Director of KBank Laos, he served as Chairman of KASIKORN LEASING CO., LTD.. (KLeasing) and KASIKORN FACTORY & EQUIPMENT CO., LTD.. (KF&E). During his tenure, Mr. Sasawat led KLeasing and KF&E with forward-looking business strategies, driving digital product development and establishing strategic partnerships to support sustainable growth for both companies. He also serves as Chairman of the Audit Committee of KBank Laos.



Mr. Anuwat Sriudom

Director

Mr. Anuwat Sriudom has over 17 years of experience in enterprise risk management across the financial industry, including banking, asset management, and securities. He holds a Ph.D. in Engineering Management from the Missouri University of Science and Technology, USA. He currently oversees risk management for regional businesses, as well as capital markets and treasury businesses, at KASIKORNBANK PCL and its subsidiaries. In addition to his executive responsibilities, Mr. Anuwat serves as Chairman of the Risk Committee of KBank Laos, Member of the Risk Committee of KASIKORN ASSET MANAGEMENT CO., LTD. (KAsset), and Director of KASIKORN SECURITIES PCL. (KSecurities), KASIKORN X CO., LTD., KASIKORN X VENTURE CAPITAL CO., LTD., and KUBIX DIGITAL ASSET CO., LTD., and ORBIX HOLDINGS CO., LTD.



Ms. Natcha Argasreog

Director

Ms. Natcha Argasreog has more than 20 years of solid experience in the banking industry, with extensive expertise across strategy and planning, customer insight, credit card business, data analytics and database marketing, project management, and financial planning. She aims to leverage her strong managerial and organizational capabilities to create value and contribute to the long-term success of the organization.



Mr. Woraki Pongthanapisit

Director

Mr. Worakit Pongthanapisit holds a bachelor's degree in Accounting and a master's degree in International Business and Entrepreneurship. He began his career as an external auditor, gaining professional experience and earning the Certified Public Accountant of Thailand (CPA). With more than 17 years of experience in the banking industry in terms of internal auditing and human resource management, he played a key role in strengthening the KASIKORNBANK PCL's governance, risk management, and internal control processes. He also achieved the Certified Internal Auditor (CIA), reinforcing his expertise in audit and assurance. In his current position in human resource management at KASIKORNBANK PCL., he oversees employee relations and human resource services to enhance employee experience, promote fairness and transparency, support a constructive organizational culture, improve service delivery, and enhance a workplace environment.



Ms. Sudamas Sutangkanu

Director

Ms. Sudamas Sutangkanu brings over a decade of experience in Finance and Accounting. Before her appointment as Country Director of KBank Laos, she served as Chief Financial Officer (CFO), where she gained extensive leadership and business management experience across corporate and retail banking, international trade, and new product development. With more than eight years at KBank Laos, her deep understanding of the local market has played a significant role in strengthening the bank's operations and strategic direction.

3.3 Risk Management Committee

1. Mr. Anuwat	Sriudom	Chairman
2. Mr. Pattanapong	Tansomboon	Deputy Chairman
3. Mr. Photjanart	Sangpruaksa	Member
4. Ms. Sudamas	Sutangkanu	Member

3.4 Audit Committee

1. Mr. Sasawat	Virapriya	Chairman
2. Mr. Anuwat	Sriudom	Deputy Chairman
3. Mr. Photjanart	Sangpruaksa	Member

3.5 Governance Committee

1. Mr. Photjanart	Sangpruaksa	Chairman
2. Mr. Worakit	Pongthanapisit	Deputy Chairman
3. Ms. Sudamas	Sutangkanu	Member

Part 4 Financial Report

Corporate information

Bank	KASIKORNTHAI BANK Sole Limited	
Banking license no.	06/Bank of LAO P.D.R.	
Enterprise Registration Certificate	No. 1343/ERO	
Board of Directors	Mr. Pattanapong Tansomboon Mr. Photjanart Sangpruaksa Mr. Sasawat Virapriya Ms. Natcha Argasreog Mr. Anuwat Sriudom Mrs. Sunan Siriaksorn Ms. Sudamas Sutangkanu	
Board of Management	Ms. Sudamas Sutangkanu Mr. Puttipong Arreerati Mr. Preedee Simapetch Ms. Piyanoot Sangsana Ms. Patcharee Sooknaum	Country Director Team Manager - Finance and Accounting Department Head - Banking Operation Department Head - Sales and Services Department Head - Corporate Relationship Management
Registered Office	KASIKORNTHAI BANK Sole Limited Unit 12, Lane Xang Avenue, Xiengngeun Village, Chanthaboury District, Vientiane Capital, Lao P.D.R	
Auditors	KPMG Lao Co., Ltd. 10th Floor, Royal Square Office Building, Samsenthai Road, Nongduong Nua Village, Sikhotabong District, Vientiane, Lao P.D.R	



MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Management of KASIKORNTHAI BANK Sole Limited (the "Bank") is responsible for the preparation of the financial statements and for ensuring that the financial statements are prepared in all material respects, financial position of the Bank as at 31 December 2025, the statements of profit or loss and other comprehensive income, changes in equity and of cash flows for the year then ended 31 December 2025 in accordance with the accounting policies as described in Note 3 to the financial statements to meet the reporting requirements of Bank of the Lao PDR. In preparing the financial statements, Management is required to:

- i) Adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- ii) Maintain adequate accounting records and an effective system of internal controls;
- iii) Take reasonable steps for safeguarding the assets of the Bank and for preventing and detecting fraud, error and other irregularities;
- iv) 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
- v) 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, Ms. Sudamas Sutangkanu, on behalf of the Board of Director, do hereby state that the financial statements set out on pages 6 to 60 are prepared in all material respects, the financial position of the Bank as at 31 December 2025, 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 the accounting policies as described in Note 3 to the financial statements to meet the reporting requirements of Bank of the Lao PDR.

Signed on behalf of the Board of Director,



Ms. Sudamas Sutangkanu
Country Director
31 March 2026

INDEPENDENT AUDITORS' REPORT

To the Board of Directors KASIKORNTHAI BANK Sole Limited

Opinion

We have audited the financial statements of KASIKORNTHAI BANK Sole Limited (the "Bank"), which comprise the statement of financial position as at 31 December 2025, the statements of profit or loss and other comprehensive income, changes in equity and of cash flows for the year then ended, and notes, comprising a summary of material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements are prepared in all material respects, in accordance with accounting policies as described in Note 3 to the financial statements to meet the reporting requirements of Bank of the Lao PDR.

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 standard) ("IESBA Code"), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Preparation and Restriction on Distribution and Use

We draw attention to Notes 2 and 3 to the financial statements, which describes the basis of preparation and the accounting policies adopted by the Bank. These accounting policies are not intended to present the financial position, the results of operations and the cash flows of the Bank in accordance with international generally accepted accounting principles. As also disclosed in Note 2, the financial statements are prepared to assist the Bank in meeting the reporting requirements of Bank of the Lao PDR. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the use of the Bank's management, its owners and Bank of the Lao PDR and should not be distributed to or used by other parties. Our opinion is not modified in respect of this matter.

Responsibilities of Management for the Financial Statements and the reporting requirements of the Bank of the Lao PDR

Management is responsible for the preparation of the financial statements in accordance with the accounting policies as described in Note 3 to the financial statements, 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.



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 Leelawatanasuk
Statutory Auditor
ID No. SA0061/2024

Vientiane Capital, Lao PDR
Date: 31 March 2026

KASIKORNTHAI BANK Sole Limited
Statement of financial position
For the year ended 31 December 2025

	Note	2025 (in million LAK)	2024
Assets			
Cash and cash equivalents	9	664,921	1,056,728
Deposits with other banks	10	149,885	42,996
Statutory deposits with Central Bank	11	93,608	117,089
Government bonds and its equivalents	12	125,199	160,224
Loans and advances to customers, net	13	1,681,247	1,806,012
Leasehold improvement and equipment and right of use assets	14	38,845	40,333
Intangible assets	15	24,582	30,722
Deferred tax assets	18	12,760	4,192
Other assets	16	29,532	26,956
Total assets		2,820,579	3,285,252
Liabilities and equity			
Liabilities			
Deposits from customers	17	1,692,921	1,773,622
Deposits from other banks		60,515	194,807
Borrowing		323,000	623,000
Other liabilities	19	73,139	76,527
Total liabilities		2,149,575	2,667,956
Equity			
Paid-up share capital	20	500,000	500,000
Legal reserve	21	22,380	18,715
Retained earnings		148,624	98,581
Total equity		671,004	617,296
Total liabilities and equity		2,820,579	3,285,252

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

KASIKORNTHAI BANK Sole Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2025

	Note	For the years ended 31 December (in million LAK)	
		2025	2024
Interest income		190,379	168,646
Interest expense		(106,666)	(111,043)
Net interest income	4	83,713	57,603
Fee and commission income		17,138	16,778
Fee and commission expense		(4,336)	(1,387)
Net fee and commission income	5	12,802	15,391
Net operating income		96,515	72,994
Gain on foreign exchange		18,210	49,039
Other income		5,119	7,704
Total operating income		119,844	129,737
Operating expenses			
Expected credit loss on financial assets		8,594	(25,643)
Personnel expenses	6	(22,990)	(22,652)
Depreciation and amortization expenses		(14,675)	(11,708)
Other operating expenses	7	(34,970)	(39,246)
Total operating expenses		(64,041)	(99,249)
Profit before income tax		55,803	30,488
Income tax expense	8	(2,095)	(11,870)
Profit for the year		53,708	18,618
Total comprehensive income		53,708	18,618
Earnings per share			
Basic earnings per share		1.07	0.37

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

KASIKORNTHAI BANK Sole Limited
Statement of changes in equity
For the year ended 31 December 2025

	Paid-up share capital	Legal reserve	Retained earnings	Total
	500,000	14,199	84,479	598,678
Profit for the year	-	-	18,618	18,618
Transfer to Legal reserve	-	4,516	(4,516)	-
Balance at 31 December 2024 and 1 January 2025	500,000	18,715	98,581	617,296
Profit for the year	-	-	53,708	53,708
Transfer to Legal reserve	-	3,665	(3,665)	-
Balance at 31 December 2025	500,000	22,380	148,624	671,004

Note

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

KASIKORNTHAI BANK Sole Limited
Statement of cash flows
For the year ended 31 December 2025

	For the year ended 31 December	
Note	2025	2024
	(in million LAK)	
Cash flows from operating activities		
Profit before income tax	55,803	30,488
<i>Adjustments for:</i>		
Depreciation and amortization	14,675	11,708
Expected credit loss on financial assets	(8,594)	25,643
Loss from disposal from fixed assets	57	60
Unrealised gain on exchange	(11,238)	(10,111)
Interest income	(190,379)	(168,646)
Interest expense	106,666	111,043
Interest received	188,021	174,508
Interest paid	(102,372)	(104,878)
Income tax paid	(17,005)	(5,900)
Gain from operations before changes in operating assets and liabilities	35,634	63,915
<i>Decrease (increase) in operating assets</i>		
Statutory deposits with Central Bank	23,482	(15,566)
Deposits with other banks	(106,074)	(42,942)
Loans and advances to customers	138,729	(168,571)
Other assets	(2,576)	(16,677)
<i>(Decrease)increase in operating liabilities</i>		
Deposits from customers	(80,701)	257,309
Deposits from other banks	(134,292)	(614,728)
Other liabilities	7,507	8,617
Net cash used in operating activities	(118,291)	(528,643)
Cash flows from investing activities		
Change in investments of government bonds	35,000	(160,000)
Purchases of leasehold improvement and equipment and right of use assets	(5,947)	(5,784)
Acquisition of intangible assets	(1,157)	(28,512)
Net cash provided by (used in) investing activities	27,896	(194,296)
Cash flows from financing activities		
Payment on lease liabilities	(1,412)	(2,696)
Change in borrowing	(300,000)	225,000
Net cash (used in) provided by financing activities	(301,412)	222,304
Net decrease in cash and cash equivalents	(391,807)	(500,635)
Cash and cash equivalents at 1 January	1,056,728	1,557,363
Cash and cash equivalents at 31 December	664,921	1,056,728

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

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1. Reporting entity

KASIKORNTHAI BANK Sole Limited (the “Bank”) is 100% foreign invested commercial bank which was incorporated in Lao People’s Democratic Republic and its registered office at Unit 12, Lane Xang Avenue, Xiengngeun Village, Chanthabouly District, Vientiane Capital, Lao P.D.R.

The Bank has issued and fully paid up LAK 500 billion of authorized share capital (2024: LAK 500 billion), in accordance with the Agreement on Registered Capital Injection and Minimum Invested Capital of Commercial Bank No. 752/BOL, dated 27 August 2019.

According to Article 12 of amended Law on Commercial Bank No. 56/NA dated 07 December 2018, a commercial bank is required to raise its capital to minimum of LAK 500 billion within 5 years. The Bank must inject the additional capital not less than 20% each year commencing from September 2019.

The Bank shareholder’s structure is solely own by KASIKORNBANK PUBLIC COMPANY LIMITED “KBank”. The Bank complied with above requirement and raised its capital by LAK 40 billion, all of the share capital is held by KBank.

The Bank operates in the Lao People’s Democratic Republic (“Lao P.D.R”) under the banking license (License No. 06/BOL) granted by the Bank of Lao P.D.R (“BOL”) on 6 March 2017 and Enterprise Registration License No. 1343/ERO dated 16 May 2023 issued by the Enterprise Registration Officer. Previously the Bank operated in Lao P.D.R under the banking license (License No. 32/BOL) granted by BOL on 16 October 2014 and Enterprise Registration License No. 456/ERO dated 4 November 2014 issued by the Enterprise Registration Officer.

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

As at 31 December 2025, the Bank had 69 (2024: 78) employees.

2. Basis of financial statement preparation

(i) Statement of compliance

According to the Law on Accounting No. 47/NA, dated 26 December 2013 and the amended Law on Accounting No. 46/NA, dated 20 November 2023 and entered into effectiveness from 31 March 2024, public interest entities shall apply International Financial Reporting Standards (“IFRS”) in preparing their annual financial statements, starting from 2017. However, in accordance with the Official Letter No. 1137/MOF, dated 27 April 2020 issued by the Ministry of Finance and Notification No. 1066/AFD, dated 24 November 2022 issued by the Accounting and Finance Department of the BOL, commercial banks are allowed to delay the application of IFRS until 1 January 2026.

2. Basis of financial statement preparation (cont.)

2. Basis of financial statement preparation (cont.)

(i) Statement of compliance (cont.)

For the year ended 31 December 2025, the Bank has prepared its annual financial statements in accordance with the accounting policies that are based on International Financial Reporting Standards as issued by International Accounting Standard Board “IFRS Accounting Standards”), except for the IAS 29 “Financial Reporting in the Hyperinflationary Economies”. The Bank’s accounting policies are set out in Note 3 to the financial statements. These accounting policies are not intended to present the financial position, results of operations and cash flows of the Bank in accordance with international generally accepted accounting principles. The financial statements are prepared to assist the Bank in meeting the reporting requirements of Bank of the Lao PDR. As a result, the financial statements may not be suitable for another purpose.

Note 13 - Loans and advances to customers, net
 Note 24 - Financial risk management

(iv) Fiscal Year

The Bank’s reporting period starts on 1 January and ends on 31 December 2025.

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 a currency other than the functional currency of the Bank are translated to Laotian Kip (LAK), which is the Bank’s functional and presentation currency, at the exchange rates approximating those ruling at the transaction dates.

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

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

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

	31 December 2025	31 December 2024
	LAK	LAK
United State Dollar (“USD”)	21,288	21,471
Thai Baht (“THB”)	690	635

(b) Financial assets and financial liabilities

(i) Recognition

The Bank initially recognises loans and advances, deposits on the date on which they are originated. All other financial assets and financial liabilities are initially recognized on trade date.

A financial asset or financial liability is measured initially at fair value, for an item not at fair value through profit and or loss “FVTPL”, plus transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price

(ii) Basis of measurement

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

(iii) 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, except when otherwise indicated.

(iv) Use of accounting estimates and judgements

In preparing this financial statement, management has made judgements, 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.

The Bank’s expected credit loss calculations are based on models with a series of underlying assumptions. The significant management judgements and estimates in determining expected credit loss include criteria for assessing if there has been a significant increase in credit risk and development of expected credit loss models, including the choice of inputs relating to macroeconomic variables. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 3 “material accounting policies” and in the following notes:

3. Material accounting policies (cont.)

(b) Financial assets and financial liabilities (cont.)

(ii) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, Fair Value through Other Comprehensive Income "FVOCI" or Fair Value through Profit or Loss "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.

All other financial assets are classified as measured at FVTPL.

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.

3. Material accounting policies (cont.)

(b) Financial assets and financial liabilities (cont.)

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.

(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 all of the risks and rewards of ownership of the financial assets 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.

3. Material accounting policies (cont.)

(b) Financial assets and financial liabilities (cont.)

(vi) 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 in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vii) 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;

3. Material accounting policies (cont.)

(b) Financial assets and financial liabilities (cont.)

Provision under International Financial Reporting Standard 9 (IFRS9)

The bank shall calculate provision under International Financial Reporting Standard 9 (IFRS9). IFRS9 introduced an “expected credit loss” (ECL) framework for recognition of impairment. Under IFRS9 standard, financial assets are classified in stages and recognized impairment, depending on credit behaviours and individual characteristics. ECL framework also requires updating the amount of impairment regularly to better reflect any change in credit risk.

The bank measures 12-month ECL for financial assets with the possibility of default in the next 12 months after reporting date which are referred to “Stage 1”. When financial assets have a significant increase in credit risk since initial recognition but are not credit impaired. These financial assets are referred to “Stage 2” and lifetime ECL shall be recognized over the expected life or the maximum contractual period of financial assets. Financial assets which are credit impaired, are referred to “Stage 3” which also measures lifetime ECL similar to “Stage2”.

Measurement of ECL

Expected credit losses are computed as unbiased, probability-weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information. This includes macroeconomic forward-looking information. The estimate of expected cash shortfalls is determined by multiplying the probability of default (PD) with the loss given default (LGD) with the expected exposure at the time of default (EAD). These factors are determined based on customers’ credit behaviour e.g., day past due and credit risk mitigation e.g., collateral. ECL will be measured for financial assets both credit-impaired and not credit impaired, financial guarantee and undrawn commitment and interbank transactions.

Where appropriate, forward-looking macroeconomic factors are incorporated into the PD, LGD and EAD where relevant and where they have been identified to influence credit risk, such as GDP growth rates. These factors are determined using all reasonable and supportable information.

- undrawn loan commitments: are the present value of the different between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the group expects to recover.

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

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and advances. Interest on the impaired assets continues to be recognised through the unwinding of the discount. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3. Material accounting policies (cont.)

(b) Financial assets and financial liabilities (cont.)

Objective evidence of impairment

At each reporting date the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss were impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security or observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The Bank considers evidence of impairment for loans and advances at both a specific asset and collective level. All individually significant loans and advances are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances that are not individually significant are collectively assessed for impairment by grouping together loans and advances with similar risk characteristics.

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 30 days 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.

Loans and advances are carried at amortised cost using the effective interest rate method, less any impairment losses. Loans and advances are shown inclusive of accrued interest receivables.

3. Material accounting policies (cont.)

(e) Leasehold improvement and equipment

(i) Recognition and measurement

Items of leasehold improvement and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of leasehold improvement and equipment have different useful lives, then they are accounted for as separate items major components (of leasehold improvement and equipment).

Any gain or loss on disposal of an item of leasehold improvement and equipment is recognised within other income in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Bank. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of leasehold improvement and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

The estimated useful lives of significant items of leasehold improvement and equipment are as follows:

Leasehold improvement	20 years
Furniture, fittings and office equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) 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.

(g) 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.

3. Material accounting policies (cont.)

(h) Interest income and expense

Interest income and expense are recognised in statement of profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability or where appropriate, a shorter period (to the carrying amount of the financial asset or the amortised cost of the financial liability). When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not future 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.

Interest income and expense are presented in profit or loss.

(i) Fee and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial assets or financial liabilities are included in the measurement of the effective interest rate.

Other fees and commission income are recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fees are recognised on a straight-line basis over the commitment period.

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

(j) Income tax

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

(i) 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.

Provision is made for taxation based on the current year's total revenue as per the laws governing taxation within the Lao P.D.R. For each profitable year, the Bank is subject to the current tax rate of 20% (2024: 20%) on total taxable income.

3. Material accounting policies (cont.)

(j) Income tax (cont.)

(ii) 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 the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or 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.

(iii) Tax exposures

The Bank's tax returns are subject to examination by the tax authorities. As the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amount reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

The taxation system in the Lao P.D.R is relatively new and is characterized by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges.

These facts may create tax risks in the Lao P.D.R substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

(k) Financial guarantees

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, and bank guarantees. Financial guarantees are initially recognised as off-balance sheet items 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.

KASIKORNTHAI BANK Sole Limited
Notes to the financial statements
For the year ended 31 December 2025
3. Material accounting policies (cont.)
(k) Financial guarantees (cont.)

Any increase in the liability relating to financial guarantees is recorded in the income statement in 'Expected credit loss on financial assets'. The premium received is recognized in the income statement in 'Net fees and commission income' on the effective date of the guarantee.

(l) 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.

(m) Leases

The Bank assesses at the contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets include the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

(ii) Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects the Bank exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Bank uses its incremental borrowing rate because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

KASIKORNTHAI BANK Sole Limited
Notes to the financial statements
For the year ended 31 December 2025
4. Net interest income

	2025	2024
	<i>(in million LAK)</i>	
Interest income		
Loans and advances to customers	172,590	157,848
Deposits with other banks	4,449	5,592
Investments	13,340	5,206
	<u>190,379</u>	<u>168,646</u>
Interest expense		
Deposits from customers	(47,288)	(42,198)
Deposits from other banks	(13,954)	(38,498)
Borrowing	(45,424)	(30,347)
	<u>(106,666)</u>	<u>(111,043)</u>
Net interest income	<u>83,713</u>	<u>57,603</u>

5. Net fee and commission income

	2025	2024
	<i>(in million LAK)</i>	
Fees and commission income		
Foreign remittances and facilities	4,668	5,143
Domestic facilities	1,224	1,039
Financial services fees	2,802	2,842
Others	8,444	7,754
	<u>17,138</u>	<u>16,778</u>
Fees and commission expense		
Other fees paid	(4,336)	(1,387)
Net fees and commission income	<u>12,802</u>	<u>15,391</u>

6. Personnel expenses

	2025	2024
	<i>(in million LAK)</i>	
Wages and salaries	19,815	18,932
Other benefits	3,175	3,720
Total	<u>22,990</u>	<u>22,652</u>

7. Other operating expenses

	2025	2024
	<i>(in million LAK)</i>	
Administrative expenses	27,378	32,346
Rental expenses	5,253	5,271
Other expenses	2,339	1,629
Total	34,970	39,246

8. Income tax

Amounts recognised in profit and loss

	Note	2025	2024
		<i>(in million LAK)</i>	
Current tax expense			
Current year		10,663	12,186
Deferred tax (income)/ expense			
Movements in temporary differences	18	(8,568)	(316)
Total income tax expense		2,095	11,870

The reconciliation of income tax computed at the statutory tax rate to the income tax shown in the statement of profit or loss and other comprehensive income is as follow:

	Tax rate	2025	Tax rate	2024
	(%)	<i>(in million LAK)</i>	(%)	<i>(in million LAK)</i>
Profit before income tax		55,802		30,488
Income tax at the domestic tax rate	20.00	11,160	20.00	6,098
Tax effect of:				
- Non-deductible items		(497)		6,088
Income tax	19.11	10,663	39.97	12,186

9. Cash and cash equivalents

	2025	2024
	<i>(in million LAK)</i>	
Cash on hand	39,344	33,506
Balances at Central Bank	367,674	728,726
Balances at other banks	257,922	294,530
	664,940	1,056,762
Less: Allowance for expected credit loss	(19)	(34)
Total	664,921	1,056,728

10. Deposits with other banks

	2025	2024
	<i>(in million LAK)</i>	
Other Banks	149,016	42,942
Accrued interest	881	60
	149,897	43,002
Less: Allowance for expected credit loss	(12)	(6)
Total	149,885	42,996

11. Statutory deposits with Central Bank

	2025	2024
	<i>(in million LAK)</i>	
Statutory deposit on Capital	5	5
Compulsory reserve	93,606	117,088
	93,611	117,093
Less: Allowance for expected credit loss	(3)	(4)
Total	93,608	117,089

Statutory deposits with Central Bank include compulsory reserve and registered capital reserve. 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% and 11% on a bi-monthly basis (2024: 8% and 11%) of amounts due to customer, in LAK and in foreign currencies, respectively. During the year, the Bank maintained its compulsory deposits in compliance with the requirements by the BOL.

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

12. Government bonds and its equivalents

	2025	2024
	<i>(in million LAK)</i>	
Government bonds and its equivalents	125,000	160,000
Accrued interest	204	230
	125,204	160,230
Less: Allowance for expected credit loss	(5)	(6)
Total	125,199	160,224

KASIKORNTHAI BANK Sole Limited
Notes to the financial statements
For the year ended 31 December 2025
13. Loans and advances to customers, net

	2025	2024
	<i>(in million LAK)</i>	
Loans	1,752,283	1,889,449
Less deferred income	(4,059)	(4,649)
Allowance for expected credit loss	(66,977)	(78,788)
Loans and advances to customers	1,681,247	1,806,012
Current	986,692	991,753
Non-current	759,460	893,129
Total	1,746,152	1,884,882

	2025		
	Loans, net deferred	Allowance for expected credit loss <i>(in million LAK)</i>	Carrying amount
Corporate	1,748,224	(66,977)	1,681,247
Total	1,748,224	(66,977)	1,681,247

	2024		
	Loans, net deferred	Allowance for expected credit loss <i>(in million LAK)</i>	Carrying amount
Corporate	1,884,800	(78,788)	1,806,012
Total	1,884,800	(78,788)	1,806,012

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

	2025	2024
	<i>(in million LAK)</i>	
Allowance for expected credit loss		
Balance at 1 January	78,788	52,902
Expected credit loss expense	(12,340)	25,943
Foreign exchange translation	529	(57)
Balance at 31 December	66,977	78,788

KASIKORNTHAI BANK Sole Limited
Notes to the financial statements
For the year ended 31 December 2025
14. Leasehold improvement and equipment and right of use assets

	2025		2024		Total
	Leasehold improvement	Furniture, fitting and office equipment	Right of use asset <i>(in million LAK)</i>	Under construction	
Cost					
Balance at 1 January 2024	18,024	20,249	19,579	-	57,852
Additions	-	743	2,136	31,417	34,296
Write-off/Disposal	-	(301)	-	-	(301)
Transfers	5	2,685	-	(2,690)	-
Transfer to Intangible assets	-	-	-	(28,512)	(28,512)
Balance at 31 December 2024 and 1 January 2025	18,029	23,376	21,715	215	63,335
Additions	-	1,058	4,773	116	5,947
Write-off/Disposal	-	-	(569)	-	(569)
Transfers	-	331	-	(331)	-
Balance at 31 December 2025	18,029	24,765	25,919	-	68,713
Accumulated depreciation					
Balance at 1 January 2024	(4,090)	(5,251)	(7,452)	-	(16,793)
Depreciation for the year	(395)	(3,674)	(2,382)	-	(6,451)
Write-off/Disposal	-	242	-	-	242
Balance at 31 December 2024 and 1 January 2025	(4,485)	(8,683)	(9,834)	-	(23,002)
Depreciation for the year	(396)	(4,079)	(2,903)	-	(7,378)
Write-off/Disposal	-	-	512	-	512
Balance at 31 December 2025	(4,881)	(12,762)	(12,225)	-	(29,868)
Net book value					
At 31 December 2024	13,544	14,693	11,881	215	40,333
At 31 December 2025	13,148	12,003	13,694	-	38,845

15. Intangible assets

	Software license <i>(in million LAK)</i>
Cost	
Balance at 1 January 2024	17,042
Transfers	28,512
Balance at 31 December 2024 and 1 January 2025	45,554
Additions	1,157
Balance at 31 December 2025	46,711
Accumulated depreciation	
Balance at 1 January 2024	(9,575)
Amortisation for the year	(5,257)
Balance at 31 December 2024 and 1 January 2025	(14,832)
Amortisation for the year	(7,297)
Balance at 31 December 2025	(22,129)
Net book value	
At 31 December 2024	30,722
At 31 December 2025	24,582

16. Other assets

	2025	2024
	<i>(in million LAK)</i>	
Prepaid rental expenses	8,530	11,816
Income tax receivables	3,695	3,695
Others	17,307	11,445
Total	29,532	26,956

17. Deposits from customers

	2025	2024
	<i>(in million LAK)</i>	
Retail customers:		
Current	9,218	12,068
Savings	139,273	134,783
Term	613,525	1,003,508
Corporate customers:		
Current	294,400	327,000
Savings	132,668	151,755
Term	503,837	144,508
Total	1,692,921	1,773,622

18. Deferred tax assets

	As of 1 January 2025	Charged to Profit and loss <i>(in million LAK)</i>	As of 31 December 2025
<i>Deferred tax</i> <i>(liabilities)/assets</i>			
Deferred income	(183)	118	(65)
Provisions	4,375	8,450	12,825
Total	4,192	8,568	12,760
	As of 1 January 2024	Charged to Profit and loss <i>(in million LAK)</i>	As of 31 December 2024
<i>Deferred tax</i> <i>(liabilities)/assets</i>			
Deferred income	229	(412)	(183)
Provisions	3,647	728	4,375
Total	3,876	316	4,192

The corporate tax expense is calculated at 20% on taxable profit. The calculation of taxable income is subject to review and approval by the tax authorities.

19. Other liabilities

	2025	2024
	<i>(in million LAK)</i>	
Accrued interest payables	42,409	38,115
Lease Liabilities	9,032	5,594
Impairment allowance - off balance sheet*	6,339	3,111
Others	15,359	29,707
Total	73,139	76,527

- * Loan commitment and financial guarantee classified under stage 1 as per IFRS 9 have expected credit loss as at 31 December 2025 amounting to LAK 1,802 million and loan commitment and financial guarantee classified under stage 2 as per IFRS 9 have expected credit loss as at 31 December 2025 amounting to LAK 4,537 million (31 December 2024: LAK 1,180 million and LAK 1,930 million).

20. Paid-up share capital

	Par value per share <i>(in LAK)</i>	Number	2025		2024	
			Number	LAK <i>(million shares / million LAK)</i>	Number	LAK
Authorised and issued shares						
At 1 January						
- ordinary shares	10,000	50,000	500,000	50,000	500,000	
At 31 December						
- ordinary shares		50,000	500,000	50,000	500,000	
Paid-up shares						
At 1 January						
- ordinary shares	10,000	50,000	500,000	50,000	500,000	
At 31 December						
- ordinary shares		50,000	500,000	50,000	500,000	

Issue of ordinary shares

The Bank has issued and fully paid - up LAK 300 billion of authorized share capital which was registered with the Ministry of Commerce on 4 November 2014.

The Bank has issued and fully paid up LAK 500 billion of authorized share capital (2024: LAK 500 billion), in accordance with the Agreement on Registered Capital Injection and Minimum Invested Capital of Commercial Bank No. 752/BOL, dated 27 August 2019.

In 2025 and 2024, the Bank complied with above requirement. The share capital is held by KASIKORNBANK PUBLIC COMPANY LIMITED "KBANK".

21. Legal reserve

In accordance with the Law on Enterprise (Revision) No.029/NA dated 10 February 2023, the Bank is required to provide legal reserve at the rate 10% of statutory profit after deducting retained loss. The Bank can stop reserving when the legal reserve has reached up to 50 percentage of registered capital. The legal reserve is subject to approval by Board of Director.

22. Related party transactions

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

- (a) Directly, or indirectly through one or more intermediaries, the party:
 - controls, is controlled by, or is under common control with, the Bank (this includes parents, subsidiaries and fellow subsidiaries);
 - has an interest in the Bank that gives it significant influence over the Bank; or
 - has joint control over the Bank.
- (b) The party is a joint venture in which the Bank is a venture;
- (c) The party is a member of the key management personnel of the Bank or its parent;
- (d) The party is a close member of the family of any individual referred to in (a) or (c);
- (e) The party is 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.

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Fee and commission income	Contractual agreed price
Other operating expense	Contractual agreed price
Interest expense	Market rate
Interest income	Market rate

22. Related party transactions (cont.)

Significant transactions with related parties during the year are as follows:

Related party	Relationship	Transactions	2025	2024
<i>(in million LAK)</i>				
KASIKORNBANK PUBLIC COMPANY LIMITED	Parent company	Fee and commission income	2,802	2,841
KASIKORNBANK PUBLIC COMPANY LIMITED	Parent company	Other operating expense	2,734	1,598
KASIKORNBANK PUBLIC COMPANY LIMITED	Parent company	Interest expense	-	945
KASIKORNBANK PUBLIC COMPANY LIMITED	Parent company	Interest Income	38	21
KASIKORN INFRA COMPANY LIMITED	Affiliate company	Other operating expense	1,196	695
KASIKORN SOFT COMPANY LIMITED	Affiliate company	Other operating expense	3,733	1,931
KASIKORN SOFT COMPANY LIMITED	Affiliate company	Purchase Software	233	3,299
KASIKORN SOFT COMPANY LIMITED	Affiliate company	Purchase Hardware	719	-
KBTG VIETNAM COMPANY LIMITED	Affiliate company	Other operating expense	1,170	33

Significant balances with related parties at 31 December 2025 are as follows:

Related party	Relationship	Transactions	Receivable	Payable
<i>(in million LAK)</i>				
KASIKORNBANK PUBLIC COMPANY LIMITED	Parent company	Cash and cash equivalents	168,119	-
KASIKORNBANK PUBLIC COMPANY LIMITED	Parent company	Deposit from other banks	-	500

Significant balances with related parties at 31 December 2024 are as follows:

Related party	Relationship	Transactions	Receivable	Payable
<i>(in million LAK)</i>				
KASIKORNBANK PUBLIC COMPANY LIMITED	Parent company	Cash and cash equivalents	247,618	-
KASIKORNBANK PUBLIC COMPANY LIMITED	Parent company	Deposit from other banks	-	4,799
KASIKORN SOFT COMPANY LIMITED	Affiliate company	Accrued payable	-	683

Remuneration to members of the Board of Management during this year are as follows:

	2025	2024
<i>(in million LAK)</i>		
Short-term employee benefits	9,215	8,784

23. Fair Value of Assets and Liabilities

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 in the principal market at the measurement date. In the absence of a principal market, the most advantageous market would be considered if the Bank and its subsidiaries are able to access that market at the measurement date.

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). This category includes instruments valued using quoted prices in active markets for similar instruments, quoted prices for similar assets or liabilities in markets that are less than active, or other valuation techniques which are directly or indirectly observable from market data.
- Level 3 Inputs for the assets 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 entirety 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 2025 and 2024.

Financial assets are not measured at fair value

The fair values of debts issued and borrowings are the market value or the present value of cash flows with discounting rates that reflect current interest rate risk and the Bank's credit risk.

The fair values of loans to customers approximates carrying value including accrued interest receivables and allowance for expected credit loss, as loans are at market rates of interest. Furthermore, the allowance for expected credit loss is predominately determined on an expected loss basis.

The carrying amount of the following financial assets: cash and cash equivalents, deposits with other banks, investment, and other assets which core item is accrued interest receivables and that of the following financial liabilities: deposits from customer, deposits from other bank, and other liabilities which core item is accrued interest payables are a reasonable approximation of fair value because they are mostly short term in nature.

24. Financial risk management

24.1 Operational Risk Management

Operational risk refers to the risk of direct or indirect losses in bank earnings and capital funds, resulting from inadequate processes, personnel, or operating and IT systems, or external events. Having realized the importance of operational risk management, the Bank continues to place a great emphasis on effective operational risk management, and has continually improved the Bank risk management framework to control and mitigate operational risk proactively, as well as strengthening the operational risk awareness and education to the entire group. In so doing, our management team, which includes executive member in KBANK, regularly governs overall operational risk of the Bank, as well as, the Bank's supervisors, who ensures the effectiveness of controls of all operational activities closely.

Currently, the overall Banks' key risk would be classified in staff experience and operation skills which may cause error during process operation. To manage the mentioned risk, the concept of segregation of duty and four eyes of defense will be applied as control mechanism to reduce chances of involvement of crime and fraud. The concept is introduced and instilled along with clarification of roles and responsibilities of staffs, regular training schedules for operational risk awareness and banking ethics. Furthermore, the core banking system is implemented to facilitate operating control and accuracy of information along banking activities.

The Bank continues to place great emphasis on effective operational risk management, and has continually improved our risk management framework to control and mitigate operational risk proactively, from the highest level of control, the operational risk management policy has been developed and implemented in the Bank, where there is clear segregation of roles and establishment of standards that is systematically implemented across the entire Bank's operations. For the operational processes, the operational risk management framework focuses on the procedure of developing new/existing product (PMF) and delegation of authorities management, implementation of annual review to update the change of environment, adoption of incident and case management policy to regulate reporting of operational risk incident, centralizing the Risk Event Database (RED) of occurred incidents and compliance with local regulation requirements. Furthermore, the Bank will maintain constant situational awareness in order to handle contingency events, which might impact customer service quality or pose as business obstacles. The reaction plans are geared towards the Business Continuity Management (BCM) per KBANK standard.

To strengthen staff experience and awareness, training is regularly arranged to enhance employees' awareness in areas of risk knowledge. On the other hand, the staff will receive effective and realistic on job training guided by the experienced staff in charge of each unit.

Besides the first layer of daily operation staff, the second layer of operational risk management includes the Enterprise Risk Management unit, unit supervisor level. They would be responsible to manage operational risk in normal course of business within the Bank, and control risk within acceptable level.

24.2 Credit risk

"Credit risk" refers to the risk that a counterparty or a borrower may default on its contractual obligations or agreements. Such defaults may be caused by counterparty's inability to pay due to financial encumbrances or intention not to abide by the contractual agreements, resulting in a loss to the Bank.

24. Financial risk management (cont.)

▪ Loan portfolio management

The Bank sets and reviews loan targets, performs continuous monitoring of portfolio quality to better reflect changing economic situations, ensures consistency with the bank's policies and risk appetite before submitting monthly reports to the Risk Management Committee. The Bank determines the target of loan growth and its desirable credit portfolio composition that strive for the highest possible risk-adjusted return within the acceptable risk levels under stress conditions, by taking into account the economic outlook, potential market opportunities, and the bank's strategic direction. In assessing medium and large corporate customers' credit risk level, the Bank utilizes credit risk rating tools to enhance the quality of loans granted. The Bank has additional processes in place for at least annual reviewing of the customers' credit ratings based on updated qualitative and quantitative factors on all approved transactions.

▪ Credit underwriting, approval process and monitoring

In the credit approval process, the Bank considers the customers' ability to repay and the loan objectives as key factors in the approval of credit and may obtain sufficient collateral or other securities, where appropriate, as a means of mitigating the risk of financial losses from defaults. To maximize the effectiveness of the credit approval process, credit analysis and approval functions are separated from the units responsible for maintaining customer relationship and undertaken by credit underwriters in KBANK Head Office. However, large loans will require additional acknowledgement by BOD.

The Bank also has process for regularly reviewing customer's credit rating and performance establishes monitoring mechanism for continuous tracking of customer performance, taking into account the changing economic situation and other major events. Relationship managers will be assigned to monitor customers and prepare quarterly credit monitoring reports. Proper mitigation actions will be taken as soon as negative signals from customers are detected. Moreover, the Bank will monitor and control credit usages to ensure that borrowing objectives are strictly met.

▪ Loan Risks Classification and provisioning

Loan classification and loan loss provisions have been completely established in compliance with regulatory and internal requirements. The Bank assesses the risk and classifies the loans based on the ability of repayment. Principle factors taken into consideration include: the borrower's repayment ability, repayment record and willingness to repay the loan, profitability of the loan project, the loan guarantees as well as the legal obligations relating to loan repayment.

During the reporting period, the Bank refines the loan risk classification mechanism and reinforces loan detection and monitoring for adjustment of the potential risk classifications to ensure that loan classifications are objective and prudent.

The provisioning must be set aside to offset any possible loss. The gross carrying amount of assets shall be reduced via allowances for doubtful accounts. The amount of provisioning shall be determined by the number derived from the expected loss model.

Processes for measuring expected credit losses ("ECL") including initial approval, regular validation, and incorporation of forward-looking information are also developed and maintained by Head Office credit committee.

24. Financial risk management (cont.)

Credit quality by classes of financial assets

Details on credit quality by class of asset for all financial assets exposed to credit risk as at 31 December 2025 and 2024 were as follows:

	2025			Total
	Stage 1 (Performing)	Stage 2 (Under- Performing) <i>(in million LAK)</i>	Stage 3 (Non- Performing)	
Deposits with other banks	149,897	-	-	149,897
Statutory deposits with Central Bank	-	93,611	-	93,611
Loans and advances to customers and accrued interest receivables	1,188,818	563,465	-	1,752,283
	<u>1,338,715</u>	<u>657,076</u>	<u>-</u>	<u>1,995,791</u>
Fair value of collaterals	<u>3,124,554</u>	<u>3,266,555</u>	<u>-</u>	<u>6,391,109</u>

	2024			Total
	Stage 1 (Performing)	Stage 2 (Under- Performing) <i>(in million LAK)</i>	Stage 3 (Non- Performing)	
Deposits with other banks	43,002	-	-	43,002
Statutory deposits with Central Bank	-	117,093	-	117,093
Loans and advances to customers and accrued interest receivables	1,475,846	413,603	-	1,889,449
	<u>1,518,848</u>	<u>530,696</u>	<u>-</u>	<u>2,049,544</u>
Fair value of collaterals	<u>10,674,970</u>	<u>713,814</u>	<u>-</u>	<u>11,388,784</u>

Fair value of collateral: the Bank carries out the valuation for collaterals at disbursement date and periodically revaluates these assets based on market value and other factors affecting the impairment of these assets.

(i) 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. The bank classified credit quality from low risk to high risk based on the varied risk of default where:

- Low risk borrowers are those that have a good capacity to meet financial obligations.
- Medium risk borrowers are those that have a fairly acceptable capacity to meet financial obligations.
- High risk borrowers are those that have uncertain capability to meet financial obligations.

24. Financial risk management (cont.)

(i) Credit quality analysis (cont.)

	2025			Total
	Stage 1 (Performing)	Stage 2 (Under- Performing) <i>(in million LAK)</i>	Stage 3 (Non- Performing)	
Cash and cash equivalents				
Low	288,685	-	-	288,685
Medium	-	376,255	-	376,255
High	-	-	-	-
Total	288,685	376,255	-	664,940
Less: Loss allowance	(5)	(14)	-	(19)
Carrying amount	<u>288,680</u>	<u>376,241</u>	<u>-</u>	<u>664,921</u>
Deposits with other banks				
Low	-	-	-	-
Medium	149,897	-	-	149,897
High	-	-	-	-
Total	149,897	-	-	149,897
Less: Loss allowance	(12)	-	-	(12)
Carrying amount	<u>149,885</u>	<u>-</u>	<u>-</u>	<u>149,885</u>
Statutory deposits with Central Bank				
Low	-	-	-	-
Medium	-	93,611	-	93,611
High	-	-	-	-
Total	-	93,611	-	93,611
Less: Loss allowance	-	(3)	-	(3)
Carrying amount	<u>-</u>	<u>93,608</u>	<u>-</u>	<u>93,608</u>
Loans and advances to customers at amortised cost				
Low	787,213	-	-	787,213
Medium	401,605	239,233	-	640,838
High	-	324,232	-	324,232
Total	1,188,818	563,465	-	1,752,283
Less: Deferred income	(1,122)	(2,937)	-	(4,059)
Less: Loss allowance	(7,877)	(59,100)	-	(66,977)
Carrying amount	<u>1,179,819</u>	<u>501,428</u>	<u>-</u>	<u>1,681,247</u>
Loans Commitments				
Low	503,106	-	-	503,106
Medium	221,232	320,446	-	541,678
High	-	-	-	-
Total	724,338	320,446	-	1,044,784
Less: Loss allowance	(1,579)	(3,651)	-	(5,230)
Carrying amount	<u>722,759</u>	<u>316,795</u>	<u>-</u>	<u>1,039,554</u>
Financial guarantee contracts				
Low	193,069	-	-	193,069
Medium	17,290	98,353	-	115,643
High	-	-	-	-
Total	210,359	98,353	-	308,712
Less: Loss allowance	(223)	(886)	-	(1,109)
Carrying amount	<u>210,136</u>	<u>97,467</u>	<u>-</u>	<u>307,603</u>

24. Financial risk management (cont.)
(i) Credit quality analysis (cont.)

	2024			Total
	Stage 1 (Performing)	Stage 2 (Under- Performing) <i>(in million LAK)</i>	Stage 3 (Non- Performing)	
Cash and cash equivalents				
Low	315,776	-	-	315,776
Medium	-	740,986	-	740,986
High	-	-	-	-
Total	315,776	740,986	-	1,056,762
Less: Loss allowance	(6)	(28)	-	(34)
Carrying amount	315,770	740,958	-	1,056,728
Deposits with other banks				
Low	-	-	-	-
Medium	43,002	-	-	43,002
High	-	-	-	-
Total	43,002	-	-	43,002
Less: Loss allowance	(6)	-	-	(6)
Carrying amount	42,996	-	-	42,996
Statutory deposits with Central Bank				
Low	-	-	-	-
Medium	-	117,093	-	117,093
High	-	-	-	-
Total	-	117,093	-	117,093
Less: Loss allowance	-	(4)	-	(4)
Carrying amount	-	117,089	-	117,089
Loans and advances to customers at amortised cost				
Low	885,431	-	-	885,431
Medium	590,415	90,003	-	680,418
High	-	323,600	-	323,600
Total	1,475,846	413,603	-	1,889,449
Less: Deferred income	(1,418)	(3,231)	-	(4,649)
Less: Loss allowance	(13,153)	(65,635)	-	(78,788)
Carrying amount	1,461,275	344,737	-	1,806,012
Loans Commitments				
Low	446,268	-	-	446,268
Medium	146,679	182,091	-	328,770
High	-	-	-	-
Total	592,947	182,091	-	775,038
Less: Loss allowance	(878)	(1,127)	-	(2,005)
Carrying amount	592,069	180,964	-	773,033
Financial guarantee contracts				
Low	194,729	-	-	194,729
Medium	13,845	88,507	-	102,352
High	-	-	-	-
Total	208,574	88,507	-	297,081
Less: Loss allowance	(302)	(804)	-	(1,106)
Carrying amount	208,272	87,703	-	295,975

24. Financial risk management (cont.)

(ii) 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.

Type of Credit Exposure	Percentage of exposure that is a subject to collateral requirements		Principal Type of Collateral Held
	31 December 2025	31 December 2024	
Loans to corporate customers	100%	100%	Mortgage, Cash

Loans and advances to corporate customers

The Bank's loans and advances to corporate customers are subject to individual credit appraisal and impairment testing. The general creditworthiness of a 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 borrowers to provide it. The Bank may take collateral in the form of a charge over real estate and guarantees.

Assets obtained by taking possession of collateral

During the year, the Bank did not obtain any possession of collateral held as security against loans and advances.

The Bank's policy is to pursue timely realization 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.

(iii) Amounts arising from ECL

Financial assets are classified in a three-stage approach and recognized impairment, depending on credit behaviors and individual characteristics. ECL also requires updating the amount of impairment regularly to better reflect any change in credit risk since origination.

1. Stage 1 (assets are performing) - stage 1 is where customer credit risk has not increased significantly since initial recognition. For financial assets in this stage, ECL framework requires to recognize possible default event within next 12 months (12-month ECL)
2. Stage 2 (assets are underperforming) - stage 2 is where the customer credit risk has increased significantly since initial recognition. Significant increase in credit risk is determined by the bank internal model. Lifetime ECL must be recognized the possible event of default for the remaining duration of the contractual agreement.
3. Stage 3 (asset are non-performing and impaired) - stage 3 is where the customer credit is considered that it could not fulfill its obligation and will be recognized as a credit impaired or NPLs. Lifetime ECL must be recognized as the total remaining obligation that customers are unable to fulfill based on the contractual agreement.

24. Financial risk management (cont.)

In measuring expected credit losses, key parameters are addressed as follows

1. Expected Exposure at the time of Default (EAD) is the expected outstanding balance of the receivable at the point of default which includes loan equivalent balance of committed unused credit line.
2. Probability of Default (PD) is an estimate of the likelihood of an individual default over a given time horizon.
3. Loss Given Default (LGD) is the amount that would be lost in the event of a default after taking into consideration of the recoverable amount from activities such as debt collections or collateral liquidation.

These parameters shall be internally estimated with appropriate mechanism to quantify borrowers' risk. Then, expected credit loss shall be calculated as 12-month forward looking when borrowers are in stage 1 and lifetime forward looking when borrowers are in stage 2 or 3. ECL at each point in time will be discounted to the reporting date with the effective interest rate (EIR).

Assessment of significant increase in credit risk (SICR)

When determining whether the risk of default on financial instrument has increased significantly since initial recognition, the Bank consider reasonable and supportable information that is relevant and available without undue cost and effort. This included both quantitative and qualitative information and analysis. The Bank uses three criteria for determining whether there has been a significant increase in credit risk

- A quantitative test based on movement in "Customer Credit Rating"
- Qualitative indicators; and
- A backstop of 30 days past due.

Qualitative factors assessed include those linked to current credit risk management processes, such as lending placed on internal watch-lists and subject to closer monitoring. Indicator could include weak operation results, observed liquidity issue or industry specific issue among a number of other qualitative factors.

Stage 2 and stage 3 financial assets can be reclassified to performing assets when there is no indicator to be classified as stage 2 and stage 3 financial assets. Expected credit losses of stage 2 and stage 3 represent the lifetime cash shortfalls arising from possible default events from the reporting date.

Expert credit judgement

Estimation of expected credit loss requires assumptions and forecasting macroeconomic factors. This may result in an ambiguity or may be a recent event that is not captured in the models. In case the Bank consider that the recent event affects customers' ability to pay debt, their managements will estimate increase in expected credit loss based on their judgement and experiences.

Definition of default

The Bank considers a financial asset to be in default or stage 3 when borrowers are past due over 90 days with consideration of default criteria given by BOL regulation and other qualitative indicators that reflect borrowers' inability to repay debt, for instance, death of borrowers, covid-impacted borrowers, the borrowers are under receivership by court order or under accounting liquidation

24. Financial risk management (cont.)

(iv) Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in Note 3 (b) (vii).

	2025			Total
	Stage 1 (Performing)	Stage 2 (Under Performing)	Stage 3 (Non- Performing)	
	<i>(in million LAK)</i>			
Loans to customers at amortised cost				
Balance at 1 January	13,153	65,635	-	78,788
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Net re-measurement of loss allowance	(55)	(8,476)	-	(8,531)
New financial assets originated or purchased	6,121	16,897	-	23,018
Financial assets that have been derecognized	(11,370)	(15,457)	-	(26,827)
Write-offs	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-
Changes in models/risk parameters	-	-	-	-
Foreign exchange and other movements	28	501	-	529
Balance at 31 December	7,877	59,100	-	66,977

24. Financial risk management (cont.)

(iv) Loss allowance (cont.)

	2024			Total
	Stage 1 (Performing)	Stage 2 (Under Performing)	Stage 3 (Non- Performing)	
	<i>(in million LAK)</i>			
Loans to customers at amortised cost				
Balance at 1 January	21,191	31,711	-	52,902
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(2,116)	2,116	-	-
Transfer to Stage 3	-	-	-	-
Net re-measurement of loss allowance	264	4,578	-	4,842
New financial assets originated or purchased	9,752	41,420	-	51,172
Financial assets that have been derecognized	(15,937)	(14,134)	-	(30,071)
Write-offs	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-
Changes in models/risk parameters	-	-	-	-
Foreign exchange and other movements	(1)	(56)	-	(57)
Balance at 31 December	13,153	65,635	-	78,788

24. Financial risk management (cont.)

(iv) Loss allowance (cont.)

	2025			Total
	Stage 1 (Performing)	Stage 2 (Under -Performing)	Stage 3 (Non- Performing)	
	<i>(in million LAK)</i>			
Cash and cash equivalents				
Balance at 1 January	6	28	-	34
Net remeasurement of loss allowance	1	-	-	1
Net (decrease) increase in cash and cash equivalents	(1)	1,216	-	1,215
Foreign exchange and other movements	(1)	(1,230)	-	(1,231)
Balance at 31 December	5	14	-	19

	2024			Total
	Stage 1 (Performing)	Stage 2 (Under -Performing)	Stage 3 (Non- Performing)	
	<i>(in million LAK)</i>			
Cash and cash equivalents				
Balance at 1 January	18	40	-	58
Net remeasurement of loss allowance	-	-	-	-
Net decrease in cash and cash equivalents	(11)	(13)	-	(24)
Foreign exchange and other movements	(1)	1	-	-
Balance at 31 December	6	28	-	34

24. Financial risk management (cont.)

(iv) Loss allowance (cont.)

	2025			Total
	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	
	<i>(in million LAK)</i>			
<i>Deposits with other banks</i>				
Balance at 1 January	6	-	-	6
Net remeasurement of loss allowance	6	-	-	6
Net decrease in deposits with other banks	-	-	-	-
Foreign exchange and other movements	-	-	-	-
Balance at 31 December	12	-	-	12

	2024			Total
	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	
	<i>(in million LAK)</i>			
<i>Deposits with other banks</i>				
Balance at 1 January	-	-	-	-
Net remeasurement of loss allowance	6	-	-	6
Net decrease in deposits with other banks	-	-	-	-
Foreign exchange and other movements	-	-	-	-
Balance at 31 December	6	-	-	6

24. Financial risk management (cont.)

(iv) Loss allowance (cont.)

	2025			Total
	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	
	<i>(in million LAK)</i>			
<i>Statutory deposits with Central Bank</i>				
Balance at 1 January	-	4	-	4
Net remeasurement of loss allowance	-	118	-	118
Net decrease in statutory deposits with Central Bank	-	-	-	-
Foreign exchange and other movements	-	(119)	-	(119)
Balance at 31 December	-	3	-	3

	2024			Total
	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	
	<i>(in million LAK)</i>			
<i>Statutory deposits with Central Bank</i>				
Balance at 1 January	-	4	-	4
Net remeasurement of loss allowance	-	(1)	-	(1)
Net increase in statutory deposits with Central Bank	-	1	-	1
Foreign exchange and other movements	-	-	-	-
Balance at 31 December	-	4	-	4

24. Financial risk management (cont.)

(iv) Loss allowance (cont.)

	2025			Total
	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	
	<i>(in million LAK)</i>			
<i>Loan commitments and financial guarantee contracts</i>				
Balance at 1 January	1,180	1,930	-	3,110
Net remeasurement of loss allowance	1,582	2,823	-	4,405
New loan commitments and financial guarantees issued	(985)	(737)	-	(1,722)
Financial assets that have been derecognized	25	205	-	230
Foreign exchange and other movements	-	316	-	316
Balance at 31 December	1,802	4,537	-	6,339

	2024			Total
	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	
	<i>(in million LAK)</i>			
<i>Loan commitments and financial guarantee contracts</i>				
Balance at 1 January	3,117	224	-	3,341
Net remeasurement of loss allowance	(544)	631	-	87
New loan commitments and financial guarantees issued	953	1,093	-	2,046
Financial assets that have been derecognized	(2,352)	(2)	-	(2,354)
Foreign exchange and other movements	6	(15)	-	(9)
Balance at 31 December	1,180	1,931	-	3,111

24. Financial risk management (cont.)

(v) 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.

	Notes	Loans and advance to customers		Loan commitments and financial guarantee issued	
		2025	2024	2025	2024
		<i>(in million LAK)</i>			
Carrying amount	12	1,752,283	1,889,449	-	-
Amount committed/guaranteed		-	-	1,353,496	1,072,119
Concentration by sector					
Corporate:					
Industry		-	14,008	-	194,136
Construction		-	8,190	-	11,365
Agriculture and forestry		403,486	170,132	352,689	187,795
Trade		407,592	540,574	694,018	358,496
Service		120,483	785,384	90,075	300,327
Others		820,722	371,161	216,714	20,000
		1,752,283	1,889,449	1,353,496	1,072,119
Concentration by location					
Lao PDR		1,752,283	1,889,449	1,353,496	1,072,119
		1,752,283	1,889,449	1,353,496	1,072,119

24.3 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 Lao 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.

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24. Financial risk management (cont.)

Financial assets and liabilities, classified by contractual maturity analysis, as of 31 December 2025 and 2024 as follows:

	At call	2025					Total
		Less than 6 Months	6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	No Maturity	
Financial assets							
Cash and cash equivalents	664,940	-	-	-	-	-	664,940
Deposits with other Banks	-	149,897	-	-	-	-	149,897
Statutory deposits with Central Bank	-	-	-	-	-	93,611	93,611
Government Bonds and its equivalents	-	125,204	-	-	-	-	125,204
Loans to customers ^(*)	-	1,049,200	-	631,550	71,533	-	1,752,283
Total financial assets	664,940	1,324,301	-	631,550	71,533	93,611	2,785,935
Financial liabilities							
Deposits from customers	575,586	640,850	245,943	230,542	-	-	1,692,921
Deposits from other banks	515	60,000	-	-	-	-	60,515
Borrowing	-	-	-	323,000	-	-	323,000
Accrued interest payables	45	19,098	6,815	16,451	-	-	42,409
Total financial liabilities	576,146	719,948	252,758	569,993	-	-	2,118,845
Liquidity - net	88,794	604,353	(252,758)	61,557	71,533	93,611	667,090
Liquidity - accumulative net	88,794	693,147	440,389	501,946	573,479	667,090	-

^(*) includes accrued interest receivables

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24. Financial risk management (cont.)

	At call	2024					Total
		Less than 6 Months	6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	No Maturity	
Financial assets							
Cash and cash equivalents	1,056,762	-	-	-	-	-	1,056,762
Deposits with other Banks	-	43,002	-	-	-	-	43,002
Statutory deposits with Central Bank	-	-	-	-	-	117,093	117,093
Government Bonds and its equivalents	-	160,230	-	-	-	-	160,230
Loans to customers ^(*)	-	1,018,852	41,110	620,067	209,420	-	1,889,449
Total financial assets	1,056,762	1,222,084	41,110	620,067	209,420	117,093	3,266,536
Financial liabilities							
Deposits from customers	625,744	616,067	214,675	317,137	-	-	1,773,623
Deposits from other banks	4,807	190,000	-	-	-	-	194,807
Borrowing	-	-	100,000	523,000	-	-	623,000
Accrued interest payables	37	18,332	4,056	15,690	-	-	38,115
Total financial liabilities	630,588	824,399	318,731	855,827	-	-	2,629,545
Liquidity - net	426,174	397,685	(277,621)	(235,760)	209,421	117,093	636,992
Liquidity - accumulative net	426,174	823,859	546,238	310,478	519,899	636,992	-

^(*) includes accrued interest receivables

24. Financial risk management (cont.)

24.4 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.

(i) 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 (including financial institutions) at fixed and floating interest rates (LIBOR) as of 31 December 2025 and 31 December 2024 are as follows:

	2025	2024
	<i>(in million LAK)</i>	
Fixed interest rates	1,752,283	1,889,449
Total loans	1,752,283	1,889,449

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 2025 and 2024 are as follows:

	Average balance	2025 Interest income/ expense <i>(in million LAK)</i>	Average interest rate (%)
Financial assets			
Interest-bearing financial assets			
Government Bonds and its equivalent	150,975	13,340	8.84%
Deposits with other banks	149,334	4,449	2.98%
Loans to customers	1,749,753	172,590	9.86%
Total financial assets	2,050,062	190,379	
Financial liabilities			
Interest-bearing financial liabilities			
Deposits from customers	1,414,214	47,288	3.34%
Deposits from other banks	489,133	13,954	2.85%
Borrowing	498,000	45,424	9.12%
Total financial liabilities	2,401,347	106,666	

24. Financial risk management (cont.)

24.4 Market risk (cont.)

(i) Interest rate risk (cont.)

	Average balance	2024 Interest income/ expense <i>(in million LAK)</i>	Average interest rate (%)
Financial assets			
Interest-bearing financial assets			
Government Bonds and its equivalent	42,917	5,206	12.13%
Deposits with other banks	146,870	5,592	3.81%
Loans to customers	1,827,472	157,848	8.64%
Total financial assets	2,017,259	168,646	
Financial liabilities			
Interest-bearing financial liabilities			
Deposits from customers	1,478,363	42,198	2.85%
Deposits from other banks	821,154	38,497	4.69%
Borrowing	404,250	30,347	7.51%
Total financial liabilities	2,703,767	111,042	

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24. Financial risk management (cont.)

24.4. Market risk (cont.)

(i) Interest rate risk (cont.)

Financial assets and liabilities, classified by maturity of interest repricing, as of 31 December 2025 and 31 December 2024 are shown as below:

	Immediate Repricing	2025 (in million LAK)					Total
		Less than 6 Months	6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	Non-interest Bearing	
Financial assets							
Cash and cash equivalents	-	-	-	-	-	664,940	664,940
Deposits with other banks	-	149,897	-	-	-	-	149,897
Statutory deposits with Central Bank	-	-	-	-	-	93,611	93,611
Government Bonds and its equivalent	-	125,204	-	-	-	-	125,204
Loans to customers ^(*)	-	1,049,200	-	631,550	71,533	-	1,752,283
Total financial assets	-	1,324,301	-	631,550	71,533	758,551	2,785,935
Financial liabilities							
Deposits from customers	271,940	640,850	245,943	230,542	-	303,646	1,692,921
Deposits from other banks	-	60,000	-	-	-	515	60,515
Borrowing	-	-	-	323,000	-	-	323,000
Accrued interest payables	45	19,098	6,815	16,451	-	-	42,409
Total financial liabilities	271,985	719,948	252,758	569,993	-	304,161	2,118,845

(*) includes accrued interest receivables

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24. Financial risk management (cont.)

24.4. Market risk (cont.)

(i) Interest rate risk (cont.)

	Immediate Repricing	2024 (in million LAK)					Total
		Less than 6 Months	6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	Non-interest Bearing	
Financial assets							
Cash and cash equivalents	-	-	-	-	-	1,056,762	1,056,762
Deposits with other banks	-	43,002	-	-	-	-	43,002
Statutory deposits with Central Bank	-	-	-	-	-	117,093	117,093
Government Bonds and its equivalent	-	160,230	-	-	-	-	160,230
Loans to customers ^(*)	-	1,018,852	41,110	620,067	209,421	-	1,889,450
Total financial assets	-	1,222,084	41,110	620,067	209,421	1,173,855	3,266,537
Financial liabilities							
Deposits from customers	282,553	616,067	214,675	317,137	-	343,191	1,773,623
Deposits from other banks	-	190,000	-	-	-	4,807	194,807
Borrowing	-	-	100,000	523,000	-	-	623,000
Accrued interest payables	37	18,332	4,056	15,690	-	-	38,115
Total financial liabilities	282,590	824,399	318,731	855,827	-	347,998	2,629,545

(*) includes accrued interest receivables

24. Financial risk management (cont.)

(ii) 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 2025 were as follows:

	USD	2025 Currency THB <i>(in million LAK)</i>	Total
Financial assets			
Cash and cash equivalents	245,762	229,303	475,065
Deposits with other banks	149,897	-	149,897
Statutory deposits with Central Bank	39,741	41,075	80,816
Loans to customer and accrued interest receivables	425,693	546,975	972,668
Total financial assets	861,093	817,353	1,678,446
Financial liabilities			
Deposits from customers	617,015	767,233	1,384,248
Deposits from other banks	506	6	512
Total financial liabilities	617,521	767,239	1,384,760
Foreign currency position of items recognised on the statement of financial position - net	243,572	50,114	293,686
	<i>in original currency</i>		
	(USD)	(THB)	
Foreign currency position of items recognised on the statement of financial position - net	11,441,751	72,628,986	

24. Financial risk management (cont.)

(ii) Foreign exchange rate risk (cont.)

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

	USD	2024 Currency THB <i>(in million LAK)</i>	Total
Financial assets			
Cash and cash equivalents	481,812	425,423	907,235
Deposits with other banks	43,002	-	43,002
Statutory deposits with Central Bank	48,072	56,081	104,153
Loans to customer and accrued interest receivables	411,082	291,793	702,875
Total financial assets	983,968	773,297	1,757,265
Financial liabilities			
Deposits from customers	741,530	750,246	1,491,776
Deposits from other banks	4,803	3	4,806
Total financial liabilities	746,333	750,249	1,496,582
Foreign currency position of items recognised on the statement of financial position - net	237,635	23,048	260,683
	<i>in original currency</i>		
	(USD)	(THB)	
Foreign currency position of items recognised on the statement of financial position - net	11,067,719	36,296,063	

25. Financial assets and financial liabilities

Classification of financial assets and financial liabilities

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

	Note	31 December 2025	
		Amortised	Total carrying
		cost	amount
		<i>(in million LAK)</i>	
Cash and cash equivalents	9	664,921	664,921
Deposit with other banks	10	149,885	149,885
Statutory deposits with Central Bank	11	93,608	93,608
Government Bonds and its equivalents	12	125,199	125,199
Loans and advances to customers, net	13	1,681,247	1,681,247
Total financial assets		2,714,860	2,714,860
Deposits from customers	17	1,692,921	1,692,921
Deposits from other banks		60,515	60,515
Borrowing		323,000	323,000
Total financial liabilities		2,076,436	2,076,436

	Note	31 December 2024	
		Amortised	Total carrying
		cost	amount
		<i>(in million LAK)</i>	
Cash and cash equivalents	9	1,056,728	1,056,728
Deposit with other banks	10	42,996	42,996
Statutory deposits with Central Bank	11	117,089	117,089
Government Bonds and its equivalents	12	160,224	160,224
Loans and advances to customers, net	13	1,806,012	1,806,012
Total financial assets		3,183,049	3,183,049
Deposits from customers	17	1,773,622	1,773,622
Deposits from other banks		194,807	194,807
Borrowing		623,000	623,000
Total financial liabilities		2,591,429	2,591,429

26. Commitments

	2025	2024
	<i>(in million LAK)</i>	
Loan commitment	1,044,784	775,038

27. Off-balance sheet items

	2025	2024
	<i>(in million LAK)</i>	
Commitment given		
Letters of guarantee outstanding	308,712	297,081
Collateral and Mortgages		
Collaterals and mortgages for loans to customer	6,391,109	11,388,784

28. Operating Segments

The major business of the Bank is to provide financial services to the corporate customers. The rest of the business is not significant to overall financial statements. The management considers the business conducted in Lao P.D.R as one whole segment. The information reviewed by the Country Director is similar as presented in the statement of profit or loss. When taking into consideration the business location of the Bank, there is only one geographical segment as the business operates only in Lao P.D.R.

29. Capital Management

An analysis of the Bank's capital based on financial information deprived from IFRS financial statements is as follows:

	2025	2024
	<i>(in million LAK)</i>	
Tier 1 capital	687,274	642,114
Tier 2 capital	45,882	55,087
Total capital	733,156	697,201
Less: Deductions from capital (Investments in other credit and financial institutions)	-	-
Capital for CAR calculation	733,156	697,201
Risk weighted balance sheet items	1,778,063	1,948,581
Risk weighted off balance sheet items	676,748	536,060
Total risk weighted assets	2,454,811	2,484,641
Capital Adequacy Ratio	29.87%	28.06%

