

# KASIKORNTHAI BANK SOLE LIMITED

## ANNUAL REPORT

January - December 2024





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# Business Opportunities in AEC +3

With a population exceeding 650 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. Forecasts indicate that by 2030, ASEAN is poised 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 growth for 2024 is estimated at 4.7%. The forecast for 2025 also remains positive and unchanged at 4.7%, partly due to the anticipated limited impact of the new Trump presidency in the near term, as well as growth drivers such as stronger front-loaded manufacturing exports in the first half of 2025 and public capital investment. Additionally, consumer spending is expected to experience growth, especially in service-related sectors such as hotels and restaurants, coinciding with a robust recovery in international tourism across Southeast Asia. However, risks to growth in the medium to long term persist, including geopolitical tensions, trade fragmentation, and severe weather events which may particularly affect agriculture and infrastructure.

ASEAN remains a hotspot for global investment, attracting a record US\$226 billion in foreign direct investment (FDI) in 2023, despite global economic uncertainties. The region is projected to exceed US\$300 billion in FDI annually from 2024 to 2030. Notably, there was a notable rise in greenfield project announcements, international project finance deals, and cross-border Mergers and Acquisitions (M&As). The growth in FDI was primarily driven by substantial investments in manufacturing, finance, wholesale and retail trade, and various service industries tied to the expanding digital economy. These key sectors accounted for 86% of total FDI inflows, with investment from key dialogue partners, including the U.S., China, and the EU, continuing to rise, further solidifying ASEAN's position as a prime destination for global investors.

Concurrently, the incoming U.S. administration in 2025 may reshape trade policies with significant implications for ASEAN. A potential resurgence of tariffs under a new Donald Trump presidency could disrupt global supply chains, prompting Chinese firms to relocate production to ASEAN markets. This strategy would affect Chinese exports while enhancing ASEAN's role as a global manufacturing hub. However, ASEAN exporters, especially in electronics, textiles, and consumer goods, could face tariffs if perceived as conduits for Chinese-made products. To mitigate these risks, ASEAN economies must diversify their export markets and strengthen regional trade agreements.



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 2025, the Lao PDR's economy is projected to grow by 4.2%, building on the positive momentum from a sustained moderate growth of 4.0% in 2024. This growth is expected to be driven by ongoing expansion in the service sector and investment. Particularly, signs of recovery are already emerging within the tourism sector, with the government targeting 5 million international tourist arrivals this year, bolstered by the China-Laos Railway. Meanwhile, sustained FDI in long-term energy projects, such as the Nam Ngum 1 and Luang Prabang dams, has further supported the country's economic growth. However, despite this positive momentum, persistent structural challenges, such as high inflation, currency volatility, and external stability risks may pose potential obstacles to domestic consumption in the short to medium term.

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



Collaboration



Agility



Innovativeness



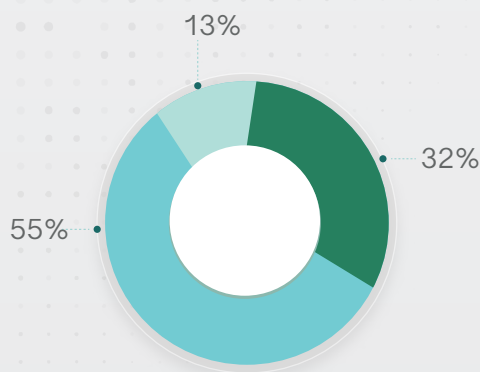
Integrity



# KASIKORNTHAI BANK SOLE LIMITED

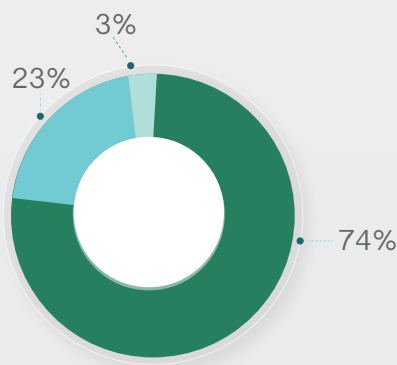
## Financial Highlights

### Total Assets



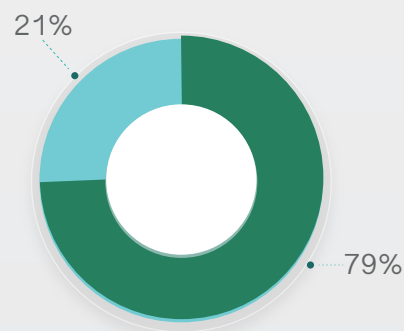
- Cash and Cash Equivalents
- Loans and Advances to Customers
- Others

### Total Liabilities



- Deposits
- Borrowing
- Others

### Net Operating Income



- Net Interest Income
- Net Fee and Commission

Unit : Thousand of LAK

	1 January 2023 to 31 December 2023	1 January 2024 to 31 December 2024
<b>Total Assets</b>	<b>3,393,097,691</b>	<b>3,285,251,807</b>
<b>Total Liabilities</b>	<b>2,794,420,082</b>	<b>2,667,955,969</b>
<b>Net Interest Income</b>	<b>51,861,275</b>	<b>57,602,859</b>
<b>Net Fee and Commission Income</b>	<b>14,164,378</b>	<b>15,391,162</b>
<b>Net Operating Income</b>	<b>66,025,653</b>	<b>72,994,021</b>
<b>Total Operating Income</b>	<b>116,453,667</b>	<b>129,738,123</b>
<b>Total Operating Expense</b>	<b>69,352,055</b>	<b>99,249,404</b>
<b>Profit before Income Tax</b>	<b>47,101,612</b>	<b>30,488,719</b>
<b>Net profit</b>	<b>37,806,959</b>	<b>18,618,229</b>



## Total Assets

As of December 31, 2024, KASIKORNTHAI BANK SOLE LIMITED ("KBank Laos") has total assets in equivalent to LAK 3,285,251,807 thousand with loan size, to both public and private sectors, at 1,806,012,314 thousand in total. KBank Laos also maintains sustainable liquidity for increase of loan in year 2025



## Total Liabilities

Total liabilities as of December 31, 2024 is LAK 2,667,955,969 thousand with deposits totaled LAK 1,968,429,337 thousand from customers and other financial institution



## Net Operating Income

For the year ended 2024, KASIKORNTHAI BANK SOLE LIMITED has net operating income totaled LAK 72,994,021 thousand which comprises of net interest income totaled LAK 57,602,859 thousand, net fee and commission income totaled LAK 15,391,162 thousand. In comparison with 2023 full year operation, net operating income has increased from both interest income and fee.



## Net Profit

KASIKORNTHAI BANK SOLE LIMITED has profit before income tax totaled LAK 30,488,719 thousand and net profit for the year 2024 totaled LAK 18,618,229 thousand which is lower from year 2023 due to higher reserve for expected credit loss on financial assets.



# Chairman Message

The Lao People's Democratic Republic has made moderate progress in improving the economy and living standards. This was a result of implementing the 9th National Socio-Economic Development Plan for 2021-2025, which aims to upgrade the country's development status by focusing on promoting industrialization, attracting foreign investment, as well as boosting service sectors to fulfill the Sustainable Development Goals by 2030.

In 2024, Laos experienced modest improvements in its economy with GDP accelerated growth of nearly 4.6%, which was still mainly driven by tourism and agricultural sectors. However, public debt remains a significant challenge, as the Lao Kip continues to depreciate and inflation persists, driving up costs and consumer prices, weakening the country's ability to recover fully.

Despite these challenges, the Lao government has been proactively working to manage its financial instability through implementing strategic public policies and launching innovative financial solutions to improve quality of life of Laotians.

KBank Laos remains dedicated to enhancing the financial well-being of both individual and corporate customers, aligned with its aspiration to be a leading regional bank. To help with this mission, KBank Laos introduced 'K PLUS LA' mobile banking application to provide easy access to financial services and promote financial inclusion. The ongoing support from the people of Laos, even in difficult times, strengthens KBank Laos's commitment to the country's economic and social development. With a deep understanding of local consumer needs and the dedication of KBank Laos's employees, we have been able to deliver tailored products and services to the customers.



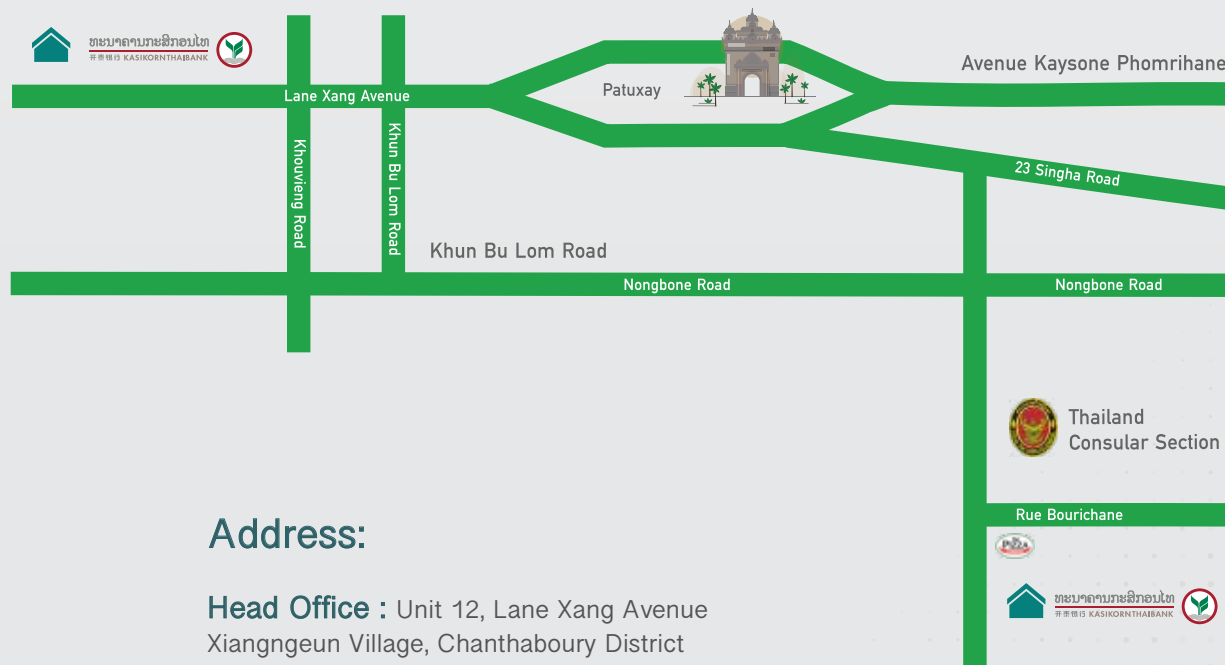
In closing, KBank Laos sincerely appreciate the Bank of Lao PDR's valuable guidance and all stakeholders' support. These collaborative efforts have played a key role in KBank Laos's growth as well as promoting financial inclusion and improving the long-term well-being and sustainability of the community.

**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 Sutangakanu
Registered Office	Unit 12, Lane Xang Avenue, Xiangngeun Village, Chanthaboury District, Vientiane Capital, Lao PDR
Telephone No.	+856 21 410 888
Website	<a href="http://www.kasikornbank.com.la">http://www.kasikornbank.com.la</a>



### 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 nearly 80 years of operation, our focus has been to deliver impressive services and innovative products that best response to customer needs. KBank prioritizes both domestic and regional dimensions in line with changing economic trends, consumer behavior, government policies and market competition. These factors are assessed to define new strategies for KBank to enhance business operations and adjust to upcoming changes while sustainably upholding superiority and relevance to customers' lives.

Furthermore, to better serve customers in all dimensions, KBank leverages synergies among wholly-owned subsidiaries 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.



With the core strategy of being “The bank of AEC+3”, KBank continually expands selectively through asset-light and digital strategies, alongside prudent risk management, while also synergizing KGroup capabilities to capture high-growth markets. This includes leveraging KBank TH's connectivity and expertise, particularly in payment and settlement and loan syndication, to regional markets.

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.

Notably, KBank Laos has taken a pioneering step with the introduction of a QR payment service between Thailand and Lao PDR. We recently initiated the development and rebranding of our digital payment platform, transitioning from "QR KBank" to the "KPlus Laos" mobile application. This evolution not only reinforces our commitment to serving the retail sector but also highlights our continued dedication to delivering innovative, efficient, and convenient financial solutions to meet the evolving needs of our valued customers.

As we are stepping into our 9th decade with a well-established banking business 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

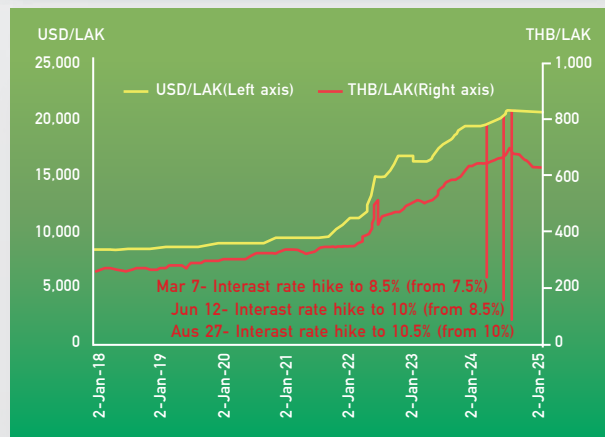
Lao PDR's economic growth rebounded in 2024, reaching 4.6% compared to 4.2% in 2023. This growth was driven by robust expansion in the agriculture (4.1%) and service (5.4%) sectors, despite persistent headwinds from high inflation and currency fluctuations. Inflation surged in the first half of 2024, peaked at 24.4% in January and then gradually eased to 16.87% by December. The Kip depreciated significantly throughout the year, reaching a record low of LAK 20,552 per USD by year-end, a 7.2% depreciation. Despite these challenges, the tourism sector showed signs of recovery, with international tourist arrivals reaching 3.3 million in the first ten months of 2024, though this figure remains below pre-pandemic levels. Foreign direct investment continued to flow into long-term projects, supporting economic growth.”

Lao PDR's economic growth (%)



Note e = estimate by Laos government, f = forecast  
Source: Lao Statistics Bureau, KResearch

LAK against USD and THB



Source: CEIC, KResearch

Lao PDR's government targets economic growth at 4.8% in 2025, building on the positive momentum from the previous year. The government aims for continuous growth in all sectors of the economy, with the goal of reducing the inflation rate to single digits by the end of 2025. Additionally, they aim to maintain exchange rate stability and ensure that foreign exchange reserves cover at least five months of imports. Several key sectors are expected to contribute to this positive outlook:

- The agricultural sector is projected to grow by 4.3% in 2025, with a focus on increasing production and exports of key commodities like rice, cassava, and rubber. Government initiatives aim to enhance food security and boost export revenues, supported by improved infrastructure like the Laos-China railway. However, challenges such as climate change and social issues persist, requiring ongoing policy support for sustainable growth.
- Investment in manufacturing and services is expected to remain strong, driven by ongoing large-scale infrastructure projects primarily driven by foreign investment, including the 554.7-kilometer Vientiane-Vung Ang (Vietnam) railway (USD 6.3 billion investment), the world's largest floating solar farm on the Nam Ngum 1 River Basin (1,500-1,600 MW capacity, USD 1 billion investment), and the Monsoon Wind Farm, the largest

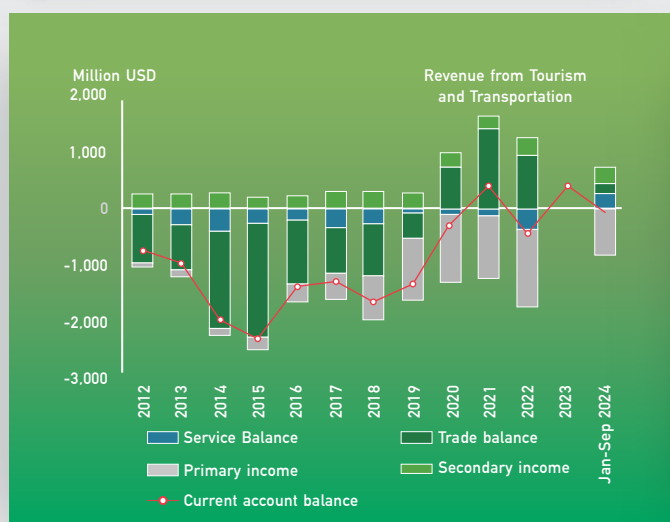
wind farm in ASEAN (600 MW, USD 960 million investment); furthermore, the continued development of large-scale dams and alternative energy projects, such as the Nam Neun 1, Nam Ngum, and Luang Prabang dams, will also contribute significantly to this growth.

- The tourism sector faces challenges and slow growth in 2025. Global economic headwinds and the slowdown of the Chinese economy may limit tourist arrivals. However, the China-Laos Railway has significantly boosted the tourism sector, stimulating growth in related businesses, including hotels, restaurants, tour guides, and retail. Since its launch in December 2021, the railway has facilitated 43 million passenger trips by December 2024. Tourism currently contributes 6.4% to Lao PDR's GDP. Despite the challenges, the government has set a target of 5 million international tourist arrivals in 2025, aiming to return to pre-pandemic levels. The development of new attractions along the railway corridor is expected to further enhance the tourism sector's growth potential.

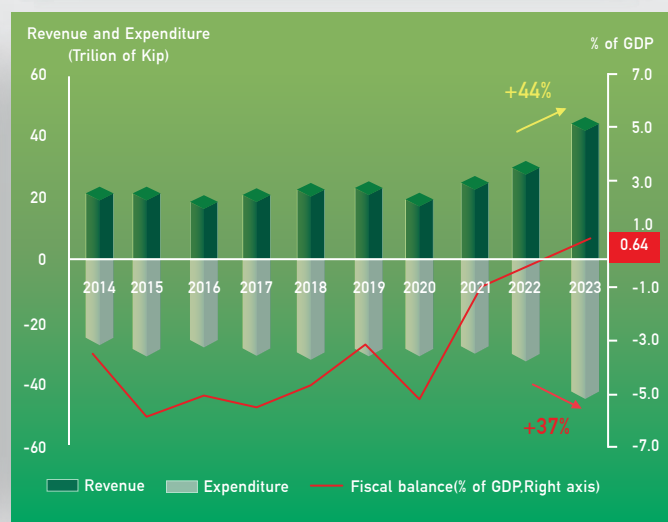
However, persistent structural economic challenges and external stability risks could potentially dampen domestic consumption.

- The current account balance may experience a deficit in 2025, despite continued support from the services sector, particularly tourism. Although a services surplus driven by tourism and increased goods shipments facilitated by the China-Laos Railway emerged in 2023, the outlook for 2025 remains uncertain. Lao PDR's exports are expected to face headwinds from the economic slowdown in key trading partners, including Thailand, China, and Vietnam. This may narrow the trade surplus, which has been maintained since 2020. This surplus was primarily driven primarily by paper product exports to China, fueled by Chinese investment and by rising energy prices that boosted energy and mineral exports.

#### Current account healthier thanks to trade and services



#### Fiscal Surplus Continues in 2025



Source: CEIC, KResearch

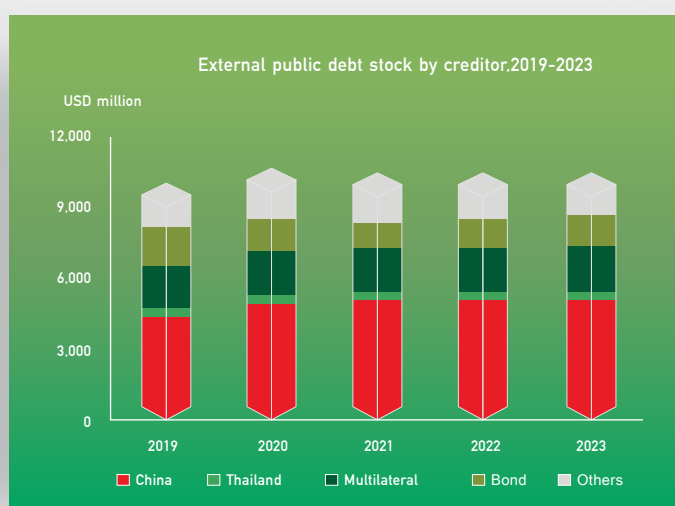
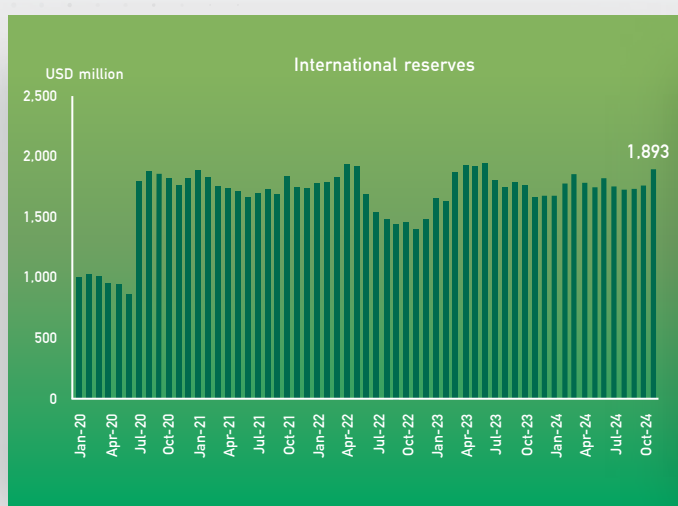
- The Lao government's fiscal position is projected to maintain a fiscal surplus in 2025 for the third consecutive year. This positive trend builds upon the success of government measures implemented in 2024, including reinstating the VAT rate to 10% to strengthen revenue collection. Increased revenue from hydropower project concessions, administrative fees, and overflight revenues (driven by tourism growth) has also contributed. Concurrently, the government has prioritized public spending on essential sectors such as health, education, and infrastructure while effectively managing interest payments. This prudent fiscal management, reflecting the

government's commitment to address structural economic challenges and enhancing the efficiency of public revenue management, will contribute to the projected fiscal surplus.

- The Kip is expected to remain under pressure in 2025, given external stability remains a challenge. The Lao Kip depreciated significantly in 2024, reaching a record low. However, the pace of depreciation slowed in the second half of the year due to tighter monetary policy measures implemented by the Bank of Laos (BOL), including three interest rate hikes. To stabilize the currency, the Lao government has implemented several measures, such as adjusting the exchange rate band, establishing a gold bank, and adopting a managed float exchange rate system. These measures, while crucial, may take time to fully stabilize the Kip. The Lao economy continues to face challenges -including currency volatility, high inflation, and external pressures- requiring continued efforts to strengthen macroeconomic fundamentals and enhance the economy's resilience.

Foreign exchange reserves remain low, covering only 2.6 months of imports

External debts of the public sector reached USD10,525 million in 2023



Source: CEIC, Ministry of Finance of Lao PDR, KResearch

- Foreign debt servicing remains a major challenge for the Lao economy in 2025. Despite ongoing efforts to address this issue, the country continues to face significant liquidity risks with foreign exchange reserves covering only 2.6 months of imports. Interest payments on external debt are projected to reach USD 1.5 billion in 2025, straining the government budget. As of the end of 2023, public debt stood at USD 13.8 billion, with external debt accounting for USD 10.525 billion, equivalent to 96% of GDP. China remains the largest creditor, primarily due to financing for major infrastructure projects under the Belt and Road Initiative, such as the high-speed railway and planned road and dam projects. However, improved revenue collection and a continuing fiscal surplus suggest progress in addressing the long-term sustainability of Laos' debt burden.

The Lao PDR's economy is projected to continue growing in 2025, driven by exports of alternative energy and agricultural products, tourism receipts, and foreign investment. External stability and currency issues are showing signs of improvement. However, navigating near-term debt servicing requirements through ongoing negotiations with creditors remains a key priority. Despite these challenges, the economy is projected to continue its recovery and advance toward sustainable growth.

## 2.2 2024 Business Performance and Business Directions of KASIKORNTHAI BANK SOLE LIMITED for Year 2025

In 2024, Laos' economy experienced moderate growth of 4.6%, which was slightly increase from the 4.2% growth in 2023. This was primarily driven by services, agricultural, transportations, wholesale and retail sectors. However, high inflation and currency fluctuation remain major issues for Laos. In response to global and domestic economic challenges, the Bank of Lao PDR raised the policy interest rate for short-term Lao Kip and tightened foreign exchange management through implementing public policies as well as launching Lao Foreign Exchange (LFX) platform, aiming to stabilize the exchange rate.

Amid economic instability, KBank Laos experienced moderate growth in 2024, with nearly 10% increase and zero Non-Performing Loans (NPLs), as a result of an effective portfolio management. In addition to credit growth, fee and foreign exchange income also rose impressively.

The primary challenge for KBank Laos remains the cost of fund management. In October 2023, KBank Laos transitioned from 'QR KBank' app to 'K PLUS LA' mobile banking application and started acquiring K eSavings deposits to manage long-term local funding costs. Currently, K PLUS Laos has nearly 152,000 users, 7,800 K eSavings accounts and over 4,800 merchants using QR KBank Shop as their payment acceptance channel, showing the expansive adoption of KBank LA's products and services.



Moving forward to 2025, KBank Laos aims to leverage its digital capabilities and leading position as a regional bank to provide innovative financial solutions and excellent services to bring customer convenience. Key strategic initiatives are continuing to generate fee income through expanding transactional services, offering variety of deposit products to meet diverse customer needs, improving corporate lending revenue while managing asset quality to ensure zero NPLs.



## 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.	Mrs. Sunan	Siriaksorn	Director
6.	Ms. Natcha	Argasreog	Director
7.	Ms. Sudamas	Sutangkanu	Director



Mr. Pattanapong Tansomboon

Chairman

Mr. Pattanapong Tansomboon has dedicated over 30 years of his career to KASIKORNBANK PCL. He possesses extensive experience in various areas of the financial industry, including risk management, multi-corporate business, SME business, product management, and international business management.



**Mr. Photjanart Sangpruaksa**

**Deputy Chairman**

Mr. Photjanart Sangpruaksa has over 20 years of experience in the financial services industry, including capital markets, corporate credit product management, and cash management. After earning his Master of Business Administration from the National Institute of Development Administration, he began his career as First Vice President of the Corporate Finance Department. He then advanced to Senior Vice President roles in the Corporate Credit Product Management Department, Housing Loan Alliance and Promotion Management Department, and Credit Products Business Integration and Planning Department. Currently, he serves as First Senior Vice President of the World Business Group Division at KASIKORNBANK PCL., overseeing Product Management Chapters, which include Corporate Credit, Transactional Banking, Digital High Yield Lending, Retail Transactional Banking, and World Deposit.



**Mr. Sasawat Virapriya**

**Independent Director**

Mr. Sasawat Virapriya has over 30 years of top management experience in both the banking and non-banking sectors. Before becoming an Independent Director at KBank Laos, he served as Chairman of KASIKORN LEASING CO., LTD. (KLeasing) and KASIKORN FACTORY & EQUIPMENT CO., LTD. (KF&E). Mr. Sasawat led KLeasing and KF&E with innovative business strategies, developing digital products and partnering with numerous strategic partners to build sustainable businesses for both companies.



**Mr. Anuwat Sriudom**

**Director**

Mr. Anuwat Sriudom has over 16 years of experience in enterprise risk management within the financial industry, including banking, asset management, and securities. He earned his Ph.D. in Engineering Management from Missouri University of Science and Technology, USA. Currently, he oversees risk management for regional businesses, as well as capital markets and treasury businesses at KBank and its subsidiaries. Mr. Anuwat also serves as the Chairman of the Risk Committee of KBank Laos, a Member of the Risk Committee of KASIKORN ASSET MANAGEMENT CO., LTD. (KAsset), and a Director of KASIKORN SECURITIES PCL. (KSecurities), KASIKORN X CO., LTD., KASIKORN X VENTURE CAPITAL CO., LTD., and KUBIX DIGITAL ASSET CO., LTD.



**Mrs. Sunan Siriaksorn**

Director

Mrs. Sunan Siriaksorn has over 30 years of experience in the financial industry, with a bachelor's degree in accounting and a master's degree in finance. She has a strong background spanning investment analysis, treasury, corporate strategy, and human resource management and development. Currently, she holds the position of First Senior Vice President of the Human Resource Division. She plays a key role in overseeing organizational structure and employee-related matters, including talent engagement, employee relations, and HR service operations, ensuring a strategic and people-centric approach to workforce management.



**Ms. Natcha Argasreog**

Director

Ms. Natcha Argasreog has over 20 years of solid experience in the banking industry, with extensive knowledge in various areas, including strategy and planning, customer understanding, credit card business, data analytics and database marketing, project management, and financial planning. She seeks to leverage her managerial and organizational skills to create value and contribute to the company's success.



**Ms. Sudamas Sutangkanu**

Director

Ms. Sudamas Sutangkanu brings over a decade of expertise in finance and accounting. Before being promoted to the role of Country Director at KBank Laos, she served as the Chief Financial Officer (CFO), gaining extensive experience in management and business. Her experience spans corporate and retail banking, international trade business, and new product development. With over seven years at KBank Laos, her deep understanding of the Laos market has significantly contributed to the bank's operations.

### 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. Mrs. Sunan	Siriaksorn	Chairman
2. Mr. Photjanart	Sangpruaksa	Deputy Chairman
3. Ms. Sudamas	Sutangkanu	Member



# Part 4 Financial Report

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## Corporate information

<b>Bank</b>	KASIKORNTHAI BANK Sole Limited	
<b>Banking license no.</b>	06/Bank of LAO P.D.R.	
<b>Enterprise Registration Certificate</b>	No. 1343/ERO	
<b>Board of Directors</b>	Mr. Pattanapong Tansomboon Mr. Photjanart Sangpruaksa Mr. Sasawat Virapriya Ms. Natcha Argasreog Mr. Anuwat Sriudom Mrs. Sunan Siriaksorn Ms. Sudamas Sutangkanu	
<b>Board of Management</b>	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
<b>Registered Office</b>	KASIKORNTHAI BANK Sole Limited Unit 12, Lane Xang Avenue, Xiengngeun Village, Chanthaboury District, Vientiane Capital, Lao P.D.R	
<b>Auditors</b>	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 2024, the statements of profit or loss and other comprehensive income, changes in equity and of cash flows for the year then ended 31 December 2024 in accordance with the 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 5 to 60 are prepared in all material respects, the financial position of the Bank as at 31 December 2024, the statements of profit or loss and other comprehensive income, changes in equity and of cash flows for the year then ended and have been properly drawn up in accordance with 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 2025



KPMG Lao Co., Ltd.  
10<sup>th</sup> Floor, Royal Square Office Building,  
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## 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 2024, 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*”) together with the ethical requirements that are relevant to our audit of the financial statements in Lao PDR, and we have fulfilled our other ethical responsibilities in accordance 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 2025



**KASIKORNTHAI BANK Sole Limited**  
**Statement of financial position**  
**For the year ended 31 December 2024**

	<i>Note</i>	2024	2023
<b>Assets</b>		<i>(in thousand LAK)</i>	
Cash and cash equivalents	9	1,056,728,031	1,557,362,532
Deposits with other banks	10	42,996,280	-
Statutory deposits with Central Bank	11	117,088,531	101,522,091
Government bonds and its equivalents	12	160,223,951	-
Loans and advances to customers, net	13	1,806,012,314	1,671,529,727
Leasehold improvement, equipment and right of use assets	14	40,332,779	41,058,344
Intangible assets	15	30,721,802	7,467,330
Deferred tax assets	18	4,192,280	3,876,100
Other assets	16	26,955,839	10,281,567
<b>Total assets</b>		<b>3,285,251,807</b>	<b>3,393,097,691</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Deposits from customers	17	1,773,622,455	1,516,313,903
Deposits from other banks		194,806,882	809,534,973
Borrowing		623,000,000	398,000,000
Other liabilities	19	76,526,632	70,571,206
<b>Total liabilities</b>		<b>2,667,955,969</b>	<b>2,794,420,082</b>
<b>Equity</b>			
Paid-up share capital	20	500,000,000	500,000,000
Legal reserve	21	18,714,882	14,198,917
Retained earnings		98,580,956	84,478,692
<b>Total equity</b>		<b>617,295,838</b>	<b>598,677,609</b>
<b>Total liabilities and equity</b>		<b>3,285,251,807</b>	<b>3,393,097,691</b>

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 2024**

		For the year ended 31 December	
		2024	2023
	Note	(in thousand LAK)	
Interest income		168,645,754	132,040,364
Interest expense		(111,042,895)	(80,179,089)
<b>Net interest income</b>	<b>4</b>	<b>57,602,859</b>	<b>51,861,275</b>
Fee and commission income		16,777,717	15,029,627
Fee and commission expense		(1,386,555)	(865,249)
<b>Net fee and commission income</b>	<b>5</b>	<b>15,391,162</b>	<b>14,164,378</b>
<b>Net operating income</b>		<b>72,994,021</b>	<b>66,025,653</b>
Gain on foreign exchange		49,038,832	49,970,725
Other income		7,705,270	457,289
<b>Total operating income</b>		<b>129,738,123</b>	<b>116,453,667</b>
<b>Operating expenses</b>			
Expected credit loss on financial assets		(25,643,456)	(5,945,032)
Personnel expenses	6	(22,652,152)	(19,052,245)
Depreciation and amortization expenses		(11,707,550)	(4,598,682)
Other operating expenses	7	(39,246,246)	(39,756,096)
<b>Total operating expenses</b>		<b>(99,249,404)</b>	<b>(69,352,055)</b>
<b>Profit before income tax</b>		<b>30,488,719</b>	<b>47,101,612</b>
Income tax expense	8	(11,870,490)	(9,294,653)
<b>Profit for the year</b>		<b>18,618,229</b>	<b>37,806,959</b>
<b>Total comprehensive income</b>		<b>18,618,229</b>	<b>37,806,959</b>
<b>Earnings per share</b>			
Basic earnings per share (LAK)		372.36	756.14

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 2024**

	<i>Note</i>	Paid-up share capital	Legal reserve	Retained earnings	Total
<i>(in thousand LAK)</i>					
<b>Balance at 1 January 2023</b>		<b>460,000,000</b>	<b>10,314,461</b>	<b>50,556,189</b>	<b>520,870,650</b>
Capital injection during the year	20	40,000,000	-	-	40,000,000
Profit for the year		-	-	37,806,959	37,806,959
Transfer to Legal reserve	21	-	3,884,456	(3,884,456)	-
<b>Balance at 31 December 2023 and 1 January 2024</b>		<b>500,000,000</b>	<b>14,198,917</b>	<b>84,478,692</b>	<b>598,677,609</b>
Profit for the year		-	-	18,618,229	18,618,229
Transfer to Legal reserve	21	-	4,515,965	(4,515,965)	-
<b>Balance at 31 December 2024</b>		<b>500,000,000</b>	<b>18,714,882</b>	<b>98,580,956</b>	<b>617,295,838</b>

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 2024**

		For the year ended 31 December	
		2024	2023
	Note	(in thousand LAK)	
<b>Cash flows from operating activities</b>			
Profit before income tax		30,488,719	47,101,612
<i>Adjustments for:</i>			
Depreciation and amortization		11,707,550	4,598,682
Expected credit loss on financial assets		25,643,456	5,945,032
Loss (Gain) from disposal from fixed assets		59,932	(8,457)
Unrealised gain on exchange		(10,111,593)	(5,027,671)
Interest income		(168,645,754)	(132,040,364)
Interest expense		111,042,895	80,179,089
Interest received		174,507,551	132,409,482
Interest paid		(104,877,810)	(72,744,292)
Income tax paid		(5,900,061)	(7,887,039)
<b>Gain from operations before changes in operating assets and liabilities</b>		<b>63,914,885</b>	<b>52,526,074</b>
<i>Decrease (increase) in operating assets</i>			
Statutory deposits with Central Bank		(15,566,485)	(10,820,062)
Deposits with other banks		(42,942,000)	17,350,000
Loans and advances to customers		(168,571,403)	74,580,590
Other assets		(16,674,272)	(1,510,063)
<i>Increase in operating liabilities</i>			
Deposits from customers		257,308,552	177,736,086
Deposits from other banks		(614,728,091)	83,463,437
Other liabilities		8,616,541	23,026,574
<b>Net cash (used in) provided by operating activities</b>		<b>(528,642,273)</b>	<b>416,352,636</b>
<b>Cash flows from investing activities</b>			
Investments government bonds		(160,000,000)	-
Purchases of leasehold improvement and equipment and right of use assets		(5,784,450)	(14,014,687)
Acquisition of intangible assets		(28,511,939)	(7,690,053)
<b>Net cash used in investing activities</b>		<b>(194,296,389)</b>	<b>(21,704,740)</b>
<b>Cash flows from financing activities</b>			
Payment on lease liabilities		(2,695,839)	(695,559)
Borrowing		225,000,000	298,000,000
Proceeds from capital injection		-	40,000,000
<b>Net cash provided by financing activities</b>		<b>222,304,161</b>	<b>337,304,441</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(500,634,501)</b>	<b>731,952,337</b>
Cash and cash equivalents at 1 January		1,557,362,532	825,410,195
<b>Cash and cash equivalents at 31 December</b>	9	<b>1,056,728,031</b>	<b>1,557,362,532</b>

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

# **KASIKORNTHAI BANK Sole Limited**

## **Notes to the financial statement**

**For the year ended 31 December 2024**

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# **KASIKORNTHAI BANK Sole Limited**

## **Notes to the financial statements**

### **For the year ended 31 December 2024**

#### **1. Reporting entity**

KASIKORNTHAI BANK Sole Limited (the “Bank”) is 100% foreign invested commercial bank which was incorporated in Lao People’s Domestic 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 (2023: 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 2024, the Bank had 78 (2023: 82) 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.

**KASIKORNTHAI BANK Sole Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2024**

**2. Basis of financial statement preparation (cont.)**

**(i) Statement of compliance (cont.)**

For the year ended 31 December 2024, 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.

The Bank is not a separately incorporated legal entity. The accompanying financial statements have been prepared from the records of the Bank and reflect only transactions recorded locally.

The financial statements of the Bank were authorised for issue by the Country Director on 31 March 2025.

In preparing these financial statements, the significant judgments made by management in applying the Bank’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as of and for the year ended 31 December 2024.

**(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 thousand, 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:

**KASIKORNTHAI BANK Sole Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2024**

**2. Basis of financial statement preparation (cont.)**

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 2024.

**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 2024	31 December 2023
	LAK	LAK
United State Dollar ("USD")	21,471	20,360
Thai Baht ("THB")	635	650

**(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



## KASIKORNTHAI BANK Sole Limited

### Notes to the financial statements

For the year ended 31 December 2024

#### 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.

## KASIKORNTHAI BANK Sole Limited

### Notes to the financial statements

For the year ended 31 December 2024

#### 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.



**KASIKORNTHAI BANK Sole Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2024**

**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;

**KASIKORNTHAI BANK Sole Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2024**

**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.



**KASIKORNTHAI BANK Sole Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2024**

**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.

**KASIKORNTHAI BANK Sole Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2024**

**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.

**KASIKORNTHAI BANK Sole Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2024**

**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% (2023: 20%) on total taxable income.



**KASIKORNTHAI BANK Sole Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2024**

**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 2024**

### **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 2024

### 4. Net interest income

	2024	2023
	<i>(in thousand LAK)</i>	
<b>Interest income</b>		
Loans and advances to customers	157,848,230	131,857,562
Deposits with other banks	5,591,900	182,802
Investments	5,205,624	-
	<u>168,645,754</u>	<u>132,040,364</u>
<b>Interest expense</b>		
Deposits from customers	(42,197,960)	(29,281,372)
Deposits from other banks	(38,497,491)	(43,641,067)
Borrowing	(30,347,444)	(7,256,650)
	<u>(111,042,895)</u>	<u>(80,179,089)</u>
<b>Net interest income</b>	<u>57,602,859</u>	<u>51,861,275</u>

### 5. Net fee and commission income

	2024	2023
	<i>(in thousand LAK)</i>	
<b>Fees and commission income</b>		
Foreign remittances and facilities	5,143,045	4,709,979
Domestic facilities	1,039,136	1,084,550
Financial services fees	2,841,289	2,449,904
Others	7,754,247	6,785,194
	<u>16,777,717</u>	<u>15,029,627</u>
<b>Fees and commission expense</b>		
Other fees paid	<u>(1,386,555)</u>	<u>(865,249)</u>
<b>Net fees and commission income</b>	<u>15,391,162</u>	<u>14,164,378</u>

### 6. Personnel expenses

	2024	2023
	<i>(in thousand LAK)</i>	
Wages and salaries	18,932,206	15,332,855
Other benefits	3,719,946	3,719,390
<b>Total</b>	<u>22,652,152</u>	<u>19,052,245</u>



**KASIKORNTHAI BANK Sole Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2024**

**7. Other operating expenses**

	2024	2023
	<i>(in thousand LAK)</i>	
Administrative expenses	32,345,864	33,854,454
Rental expenses	5,271,417	3,956,900
Other expenses	1,628,965	1,944,742
<b>Total</b>	<b>39,246,246</b>	<b>39,756,096</b>

**8. Income tax**

Amounts recognised in profit and loss

	Note	2024	2023
		<i>(in thousand LAK)</i>	
<b>Current tax expense</b>			
Current year		12,186,670	13,525,796
<b>Deferred tax (income)/ expense</b>			
Movements in temporary differences	18	(316,180)	(4,231,143)
<b>Total income tax expense</b>		<b>11,870,490</b>	<b>9,294,653</b>

The reconciliation of income tax computed at the statutory tax rate to the income tax shown in the statement of income is as follow:

	Tax rate (%)	2024 <i>(in thousand LAK)</i>	Tax rate (%)	2023 <i>(in thousand LAK)</i>
Profit before income tax		<b>30,488,719</b>		<b>47,101,612</b>
Income tax at the domestic tax rate	20.00	6,097,744	20.00	9,420,322
Tax effect of:				
- Non-deductible items		6,088,926		4,105,474
<b>Income tax</b>	<b>39.97</b>	<b>12,186,670</b>	<b>28.72</b>	<b>13,525,796</b>

**9. Cash and cash equivalents**

	2024	2023
	<i>(in thousand LAK)</i>	
Cash on hand	33,506,501	31,656,601
Balances at Central Bank	728,725,560	779,354,914
Balances at other banks	294,530,266	746,409,693
	1,056,762,327	1,557,421,208
Less: Allowance for expected credit loss	(34,296)	(58,676)
<b>Total</b>	<b>1,056,728,031</b>	<b>1,557,362,532</b>



**KASIKORNTHAI BANK Sole Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2024**

**10. Deposits with other banks**

	2024	2023
	<i>(in thousand LAK)</i>	
Fixed deposits	42,942,000	-
Accrued interest	60,001	-
	<u>43,002,001</u>	<u>-</u>
Less: Allowance for expected credit loss	(5,721)	-
<b>Total</b>	<b><u>42,996,280</u></b>	<b><u>-</u></b>

**11. Statutory deposits with Central Bank**

	2024	2023
	<i>(in thousand LAK)</i>	
Statutory deposit on:		
Capital	5,000	5,000
Compulsory reserve	117,088,106	101,521,622
	<u>117,093,106</u>	<u>101,526,622</u>
Less: Allowance for expected credit loss	(4,575)	(4,531)
<b>Total</b>	<b><u>117,088,531</u></b>	<b><u>101,522,091</u></b>

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 (2023: 8% and 10%) 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**

	2024	2023
	<i>(in thousand LAK)</i>	
Government bonds and its equivalents	160,000,000	-
Accrued interest	230,137	-
	<u>160,230,137</u>	<u>-</u>
Less: Allowance for expected credit loss	(6,186)	-
<b>Total</b>	<b><u>160,223,951</u></b>	<b><u>-</u></b>

**KASIKORNTHAI BANK Sole Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2024**

**13. Loans and advances to customers, net**

	2024	2023
	<i>(in thousand LAK)</i>	
Loans	1,889,449,308	1,727,021,729
Less deferred income	(4,648,775)	(2,589,967)
Allowance for expected credit loss	(78,788,219)	(52,902,035)
<b>Loans and advances to customers, net</b>	<b>1,806,012,314</b>	<b>1,671,529,727</b>
Current	991,753,110	868,080,482
Non-current	893,128,619	848,229,844
<b>Total</b>	<b>1,884,881,729</b>	<b>1,716,310,326</b>

	2024		
	Loans, net deferred income	Allowance for expected credit loss <i>(in thousand LAK)</i>	Carrying amount
Corporate	1,884,800,533	(78,788,219)	1,806,012,314
<b>Total</b>	<b>1,884,800,533</b>	<b>(78,788,219)</b>	<b>1,806,012,314</b>

	2023		
	Loans, net deferred income	Allowance for expected credit loss <i>(in thousand LAK)</i>	Carrying amount
Corporate	1,724,431,762	(52,902,035)	1,671,529,727
<b>Total</b>	<b>1,724,431,762</b>	<b>(52,902,035)</b>	<b>1,671,529,727</b>

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

	2024	2023
	<i>(in thousand LAK)</i>	
<b>Allowance for expected credit loss</b>		
Balance at 1 January	52,902,035	44,898,155
Expected credit loss expense	25,942,760	4,754,679
Foreign exchange translation	(56,576)	3,249,201
<b>Balance at 31 December</b>	<b>78,788,219</b>	<b>52,902,035</b>

# KASIKORNTHAI BANK Sole Limited

Notes to the financial statements

For the year ended 31 December 2024

## 14. Leasehold improvement and equipment

<i>Cost</i>	Leasehold improvement	Furniture, fitting and office equipment	Right of use asset (in thousand LAK)	Under construction	Total
<b>Balance at 1 January 2023</b>	<b>18,024,224</b>	<b>6,381,850</b>	<b>18,989,617</b>	<b>-</b>	<b>43,395,691</b>
Additions	-	14,014,687	1,030,595	-	15,045,282
Write-off/Disposal	-	(147,232)	(441,407)	-	(588,639)
<b>Balance at 31 December 2023 and 1 January 2024</b>	<b>18,024,224</b>	<b>20,249,305</b>	<b>19,578,805</b>	<b>-</b>	<b>57,852,334</b>
Additions	-	743,493	2,135,883	31,417,015	34,296,391
Write-off/Disposal	-	(300,737)	-	-	(300,737)
Transfers	4,510	2,685,844	-	(2,690,354)	-
Transfer to Intangible assets	-	-	-	(28,511,939)	(28,511,939)
<b>Balance at 31 December 2024</b>	<b>18,028,734</b>	<b>23,377,905</b>	<b>21,714,688</b>	<b>214,722</b>	<b>63,336,049</b>
<i>Accumulated depreciation</i>					
<b>Balance at 1 January 2023</b>	<b>(3,695,822)</b>	<b>(4,321,963)</b>	<b>(6,009,802)</b>	<b>-</b>	<b>(14,027,587)</b>
Depreciation for the year	(394,673)	(1,060,032)	(1,884,042)	-	(3,338,747)
Write-off/Disposal	-	130,937	441,407	-	572,344
<b>Balance at 31 December 2023 and 1 January 2024</b>	<b>(4,090,495)</b>	<b>(5,251,058)</b>	<b>(7,452,437)</b>	<b>-</b>	<b>(16,793,990)</b>
Depreciation for the year	(394,759)	(3,674,424)	(2,381,665)	-	(6,450,848)
Write-off/Disposal	-	241,568	-	-	241,568
<b>Balance at 31 December 2024</b>	<b>(4,485,254)</b>	<b>(8,683,914)</b>	<b>(9,834,102)</b>	<b>-</b>	<b>(23,003,270)</b>
<i>Net book value</i>					
<b>At 31 December 2023</b>	<b>13,933,729</b>	<b>14,998,247</b>	<b>12,126,368</b>	<b>-</b>	<b>41,058,344</b>
<b>At 31 December 2024</b>	<b>13,543,480</b>	<b>14,693,991</b>	<b>11,880,586</b>	<b>214,722</b>	<b>40,332,779</b>

**KASIKORNTHAI BANK Sole Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2024**

**15. Intangible assets**

	<b>Software license</b> <i>(in thousand LAK)</i>
<b>Cost</b>	
Balance at 1 January 2023	9,352,041
Additions	7,690,053
Balance at 31 December 2023 and 1 January 2024	<u>17,042,094</u>
Transfers	28,511,939
Balance at 31 December 2024	<u>45,554,033</u>
<b>Accumulated depreciation</b>	
Balance at 1 January 2023	(8,314,829)
Amortisation for the year	(1,259,935)
Balance at 31 December 2023 and 1 January 2024	<u>(9,574,764)</u>
Amortisation for the year	(5,257,467)
Balance at 31 December 2024	<u>(14,832,231)</u>
<b>Net book value</b>	
At 31 December 2023	<u>7,467,330</u>
At 31 December 2024	<u>30,721,802</u>

**16. Other assets**

	2024	2023
	<i>(in thousand LAK)</i>	
Prepaid rental expenses	11,816,338	4,708,842
Income tax receivables	3,695,052	3,695,052
Others	11,444,449	1,877,673
<b>Total</b>	<u>26,955,839</u>	<u>10,281,567</u>

**17. Deposits from customers**

	2024	2023
	<i>(in thousand LAK)</i>	
Retail customers:		
- Current	12,068,895	9,891,009
- Savings	134,783,769	189,933,283
- Term	1,003,507,538	765,369,471
Corporate customers:		
- Current	326,999,537	156,880,963
- Savings	151,754,839	261,979,583
- Term	144,507,877	132,259,594
<b>Total</b>	<u>1,773,622,455</u>	<u>1,516,313,903</u>



**KASIKORNTHAI BANK Sole Limited**  
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**For the year ended 31 December 2024**

**18. Deferred tax (liabilities)/assets**

	As of 1 January 2024	Charged to Profit and loss (in thousand LAK)	As of 31 December 2024
<i>Deferred tax (liabilities)/assets</i>			
Deferred income	229,041	(411,761)	(182,720)
Provisions	3,647,059	727,941	4,375,000
<b>Total</b>	<b>3,876,100</b>	<b>316,180</b>	<b>4,192,280</b>

	As of 1 January 2023	Charged to Profit and loss (in thousand LAK)	As of 31 December 2023
<i>Deferred tax (liabilities)/assets</i>			
Deferred income	(355,043)	584,084	229,041
Provisions	-	3,647,059	3,647,059
<b>Total</b>	<b>(355,043)</b>	<b>4,231,143</b>	<b>3,876,100</b>

**Income tax reduction**

In accordance with the amended Lao Tax Law No. 67/NA, dated 16 June 2019 stipulated by the President of the National Assembly income tax that should be applied to both domestic and foreign enterprises that hold legal entities should be 20% of total taxable income.

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.

**KASIKORNTHAI BANK Sole Limited**  
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**19. Other liabilities**

	2024	2023
	<i>(in thousand LAK)</i>	
Accrued interest payables	38,115,312	31,950,227
Lease Liabilities	5,593,450	8,289,289
Impairment allowance - off balance sheet*	3,110,653	3,340,953
Others	29,707,217	26,990,737
<b>Total</b>	<b>76,526,632</b>	<b>70,571,206</b>

- \* Loan commitment and financial guarantee classified under stage 1 as per IFRS 9 have expected credit loss as at 31 December 2024 amounting to LAK 1,180,250 thousand and loan commitment and financial guarantee classified under stage 2 as per IFRS 9 have expected credit loss as at 31 December 2024 amounting to LAK 1,930,404 thousand (31 December 2023: LAK 3,116,529 thousand and LAK 224,424 thousand).

**20. Paid-up share capital**

	Par value per share (in LAK)	Number	2024 LAK (thousand shares / thousand LAK)	2023 Number LAK	
<i>Authorised and issued shares</i>					
At 1 January					
- ordinary shares	10,000	50,000	500,000,000	46,000 460,000,000	
Increase of new shares					
- Extraordinary General Meeting of shareholder no. 2/2023	10,000	-	-	4,000 40,000,000	
At 31 December					
- ordinary shares		50,000	500,000,000	50,000 500,000,000	
<i>Paid-up shares</i>					
At 1 January					
- ordinary shares	10,000	50,000	500,000,000	46,000 460,000,000	
Increase of new shares					
- Extraordinary General Meeting of shareholder no. 2/2023	10,000	-	-	4,000 40,000,000	
At 31 December					
- ordinary shares		50,000	500,000,000	50,000 500,000,000	

**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 (2023: 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.

**KASIKORNTHAI BANK Sole Limited**  
**Notes to the financial statements**  
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**20. Paid-up share capital (cont.)**

According to Article 12 of amended Law on Commercial Bank No. 56/NA dated 7 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.

In 2024 and 2023, 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:

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



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**22. Related party transactions (cont.)**

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

Related party	Relationship	Transactions	2024 (in thousand LAK)	2023
KASIKORNBANK PUBLIC COMPANY LIMITED	Parent company	Fee and commission income	2,841,289	2,782,122
KASIKORNBANK PUBLIC COMPANY LIMITED	Parent company	Other operating expense	1,598,080	1,698,193
KASIKORNBANK PUBLIC COMPANY LIMITED	Parent company	Interest expense	945,443	15,292,712
KASIKORNBANK PUBLIC COMPANY LIMITED	Parent company	Interest Income	21,021	108,924
KASIKORN INFRA COMPANY LIMITE	Affiliate company	Other operating expense	694,615	587,554
KASIKORN SOFT COMPANY LIMITED	Affiliate company	Other operating expense	1,931,051	8,825,692
KASIKORN SOFT COMPANY LIMITED	Affiliate company	Purchase Software	3,299,003	-
KBTG VIETNAM COMPANY LIMITED	Affiliate company	Other operating expense	33,318	219,595

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

Related party	Relationship	Transactions	Receivable (in thousand LAK)	Payable
KASIKORNBANK PUBLIC COMPANY LIMITED	Parent company	Cash and cash equivalents	247,618,097	-
KASIKORNBANK PUBLIC COMPANY LIMITED	Parent company	Amounts due from other banks	-	4,798,918
KASIKORN SOFT COMPANY LIMITED	Affiliate company	Accrued payable	-	682,574

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

Related party	Relationship	Transactions	Receivable (in thousand LAK)	Payable
KASIKORNBANK PUBLIC COMPANY LIMITED	Parent company	Cash and cash equivalents	683,788,859	-
KASIKORNBANK PUBLIC COMPANY LIMITED	Parent company	Deposit from other banks	-	407,070,723
KASIKORNBANK PUBLIC COMPANY LIMITED	Parent company	Accrued interest payable	-	4,865,631
KASIKORN SOFT COMPANY LIMITED	Affiliate company	Accrued payable	-	446,160

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

	2024 (in thousand LAK)	2023
Short-term employee benefits	8,783,710	6,948,996



## KASIKORNTHAI BANK Sole Limited

### Notes to the financial statements

For the year ended 31 December 2024

#### 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 2024 and 2023.

##### *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.

# KASIKORNTHAI BANK Sole Limited

## Notes to the financial statements

For the year ended 31 December 2024

### 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.



# KASIKORNTHAI BANK Sole Limited

## Notes to the financial statements

For the year ended 31 December 2024

### 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.

**KASIKORNTHAI BANK Sole Limited**  
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**24. Financial risk management (cont.)**

*Maximum exposure to credit risk*

Maximum exposure to credit risk without taking into account of any collateral and other credit enhancements of the Bank as at 31 December 2024 and 2023 were as follows:

	2024 LAK (in thousand)	2023 LAK (in thousand)
<b>Credit risk associated with on-financial reporting assets:</b>		
Deposits with other banks	43,002,001	-
Statutory deposits with Central Bank	117,093,106	101,526,622
Government bonds and it equivalents	160,230,137	-
Loans and advances to customers	1,889,449,308	1,727,021,729
	<u>2,209,774,552</u>	<u>1,828,548,351</u>
 <b>Fair value of collaterals</b>	 <u>11,388,784,271</u>	 <u>2,774,886,740</u>



**KASIKORNTHAI BANK Sole Limited**  
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**24. Financial risk management (cont.)**

*Credit risk concentrations by industry*

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

	2024					
	Financial institutions	Industry	Construction	Agriculture and forestry	Trade and Postal (in thousand LAK)	Total
Deposits with other banks	43,002,001	-	-	-	-	-
Statutory deposits with Central Bank	117,093,106	-	-	-	-	43,002,001
Loans and advances to customers and accrued interest receivables	-	14,008,361	8,190,122	170,132,300	540,574,237	371,160,302
	<u>160,095,107</u>	<u>14,008,361</u>	<u>8,190,122</u>	<u>170,132,300</u>	<u>540,574,237</u>	<u>1,889,449,308</u>
					<u>-</u>	<u>2,049,544,415</u>
	2023					
	Financial institutions	Industry	Construction	Agriculture and forestry	Trade and Postal (in thousand LAK)	Total
Deposits with other banks	-	-	-	-	-	-
Statutory deposits with Central Bank	101,526,622	-	-	-	-	101,526,622
Loans and advances to customers and accrued interest receivables	-	13,208,508	12,093,538	27,557,081	504,397,591	350,664,181
	<u>101,526,622</u>	<u>13,208,508</u>	<u>12,093,538</u>	<u>27,557,081</u>	<u>504,397,591</u>	<u>1,727,021,729</u>
					<u>-</u>	<u>1,828,548,351</u>

# KASIKORNTHAI BANK Sole Limited

## Notes to the financial statements

For the year ended 31 December 2024

### 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 2024 and 2023 were as follows:

	2024			Total
	Stage 1 (Performing)	Stage 2 (Under- Performing) (in thousand LAK)	Stage 3 (Non- Performing)	
Deposits with other banks	43,002,001	-	-	43,002,001
Statutory deposits with Central Bank	-	117,093,106	-	117,093,106
Loans and advances to customers and accrued interest receivables	1,475,846,247	413,603,061	-	1,889,449,308
	<u>1,518,848,248</u>	<u>530,696,167</u>	<u>-</u>	<u>2,049,544,415</u>
<b>Fair value of collaterals</b>	<b><u>10,674,970,461</u></b>	<b><u>713,813,810</u></b>	<b><u>-</u></b>	<b><u>11,388,784,271</u></b>
	2023			Total
	Stage 1 (Performing)	Stage 2 (Under- Performing) (in thousand LAK)	Stage 3 (Non- Performing)	
Deposits with other banks	-	-	-	-
Statutory deposits with Central Bank	-	101,526,622	-	101,526,622
Loans and advances to customers and accrued interest receivables	1,412,187,127	314,834,602	-	1,727,021,729
	<u>1,412,187,127</u>	<u>416,361,224</u>	<u>-</u>	<u>1,828,548,351</u>
<b>Fair value of collaterals</b>	<b><u>2,652,784,994</u></b>	<b><u>122,101,746</u></b>	<b><u>-</u></b>	<b><u>2,774,886,740</u></b>

**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.

# KASIKORNTHAI BANK Sole Limited

## Notes to the financial statements

For the year ended 31 December 2024

### 24. Financial risk management (cont.)

#### (i) Credit quality analysis (cont.)

	2024			
	Stage 1 (Performing)	Stage 2 (Under- Performing)	Stage 3 (Non- Performing)	Total
	<i>(in thousand LAK)</i>			
<b>Cash and cash equivalents</b>				
Low	315,776,289	-	-	315,776,289
Medium	-	740,986,038	-	740,986,038
High	-	-	-	-
Total	315,776,289	740,986,038	-	1,056,762,327
Less: Loss allowance	(6,382)	(27,914)	-	(34,296)
Carrying amount	<b>315,769,907</b>	<b>740,958,124</b>	-	<b>1,056,728,031</b>
<b>Deposits with other banks</b>				
Low	-	-	-	-
Medium	43,002,001	-	-	43,002,001
High	-	-	-	-
Total	43,002,001	-	-	43,002,001
Less: Loss allowance	(5,721)	-	-	(5,721)
Carrying amount	<b>42,996,280</b>	-	-	<b>42,996,280</b>
<b>Statutory deposits with Central Bank</b>				
Low	-	-	-	-
Medium	-	117,093,106	-	117,093,106
High	-	-	-	-
Total	-	117,093,106	-	117,093,106
Less: Loss allowance	-	(4,575)	-	(4,575)
Carrying amount	-	<b>117,088,531</b>	-	<b>117,088,531</b>
<b>Loans and advances to customers at amortised cost</b>				
Low	885,431,374	-	-	885,431,374
Medium	590,414,873	90,002,884	-	680,417,757
High	-	323,600,177	-	323,600,177
Total	1,475,846,247	413,603,061	-	1,889,449,308
Less: Deferred income	(1,417,537)	(3,231,238)	-	(4,648,775)
Less: Loss allowance	(13,153,325)	(65,634,894)	-	(78,788,219)
Carrying amount	<b>1,461,275,385</b>	<b>344,736,929</b>	-	<b>1,806,012,314</b>
<b>Loans Commitments</b>				
Low	446,267,593	-	-	446,267,593
Medium	146,679,377	182,091,120	-	328,770,497
High	-	-	-	-
Total	592,946,970	182,091,120	-	775,038,090
Less: Loss allowance	(878,164)	(1,126,671)	-	(2,004,835)
Carrying amount	<b>592,068,806</b>	<b>180,964,449</b>	-	<b>773,033,255</b>
<b>Financial guarantee contracts</b>				
Low	194,728,669	-	-	194,728,669
Medium	13,845,407	88,507,100	-	102,352,507
High	-	-	-	-
Total	208,574,076	88,507,100	-	297,081,176
Less: Loss allowance	(302,086)	(803,733)	-	(1,105,819)
Carrying amount	<b>208,271,990</b>	<b>87,703,367</b>	-	<b>295,975,357</b>



# KASIKORNTHAI BANK Sole Limited

## Notes to the financial statements

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### 24. Financial risk management (cont.)

#### (i) Credit quality analysis (cont.)

	2023			
	Stage 1 (Performing)	Stage 2 (Under- Performing)	Stage 3 (Non- Performing)	Total
	<i>(in thousand LAK)</i>			
<b>Cash and cash equivalents</b>				
Low	778,066,294	-	-	778,066,294
Medium	-	779,354,914	-	779,354,914
High	-	-	-	-
Total	778,066,294	779,354,914	-	1,557,421,208
Less: Loss allowance	(18,066)	(40,610)	-	(58,676)
Carrying amount	<u>778,048,228</u>	<u>779,314,304</u>	<u>-</u>	<u>1,557,362,532</u>
<b>Deposits with other banks</b>				
Low	-	-	-	-
Medium	-	-	-	-
High	-	-	-	-
Total	-	-	-	-
Less: Loss allowance	-	-	-	-
Carrying amount	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Statutory deposits with Central Bank</b>				
Low	-	-	-	-
Medium	-	101,526,622	-	101,526,622
High	-	-	-	-
Total	-	101,526,622	-	101,526,622
Less: Loss allowance	-	(4,531)	-	(4,531)
Carrying amount	<u>-</u>	<u>101,522,091</u>	<u>-</u>	<u>101,522,091</u>
<b>Loans and advances to customers at amortised cost</b>				
Low	736,633,130	-	-	736,633,130
Medium	675,553,996	3,249,235	-	678,803,231
High	-	311,585,368	-	311,585,368
Total	1,412,187,126	314,834,603	-	1,727,021,729
Less: Deferred income	(1,938,090)	(651,877)	-	(2,589,967)
Less: Loss allowance	(21,191,024)	(31,711,011)	-	(52,902,035)
Carrying amount	<u>1,389,058,012</u>	<u>282,471,715</u>	<u>-</u>	<u>1,671,529,727</u>
<b>Loans Commitments</b>				
Low	202,839,042	-	-	202,839,042
Medium	277,525,941	33,152,795	-	310,678,736
High	-	-	-	-
Total	480,364,983	33,152,795	-	513,517,778
Less: Loss allowance	(2,327,109)	(208,434)	-	(2,535,543)
Carrying amount	<u>478,037,874</u>	<u>32,944,361</u>	<u>-</u>	<u>510,982,235</u>
<b>Financial guarantee contracts</b>				
Low	219,084,092	-	-	219,084,092
Medium	71,485,617	1,950,000	-	73,435,617
High	-	-	-	-
Total	290,569,709	1,950,000	-	292,519,709
Less: Loss allowance	(789,420)	(15,991)	-	(805,411)
Carrying amount	<u>289,780,289</u>	<u>1,934,009</u>	<u>-</u>	<u>291,714,298</u>



## KASIKORNTHAI BANK Sole Limited

### Notes to the financial statements

For the year ended 31 December 2024

#### 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 2024	31 December 2023	
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.

# KASIKORNTHAI BANK Sole Limited

## Notes to the financial statements

For the year ended 31 December 2024

### 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

**KASIKORNTHAI BANK Sole Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2024**

**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),

	<b>2024</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>(Performing)</b>	<b>(Under - Performing)</b>	<b>(Non-Performing)</b>	<b>Total</b>
	<i>(in thousand LAK)</i>			
<b>Loans to customers at amortised cost</b>				
Balance at 1 January	21,191,023	31,711,012	-	52,902,035
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(2,115,732)	2,115,732	-	-
Transfer to Stage 3	-	-	-	-
Net re-measurement of loss allowance	264,200	4,578,033	-	4,842,233
New financial assets originated or purchased	9,752,069	41,419,673	-	51,171,742
Financial assets that have been derecognized	(15,936,940)	(14,134,276)	-	(30,071,216)
Write-offs	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-
Changes in models/risk parameters	-	-	-	-
Foreign exchange and other movements	(1,295)	(55,280)	-	(56,575)
<b>Balance at 31 December</b>	<b>13,153,325</b>	<b>65,634,894</b>	<b>-</b>	<b>78,788,219</b>



**KASIKORNTHAI BANK Sole Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2024**

**24. Financial risk management (cont.)**

**(iv) Loss allowance (cont.)**

	2023			
	Stage 1 (Performing)	Stage 2 (Under - Performing)	Stage 3 (Non- Performing)	Total
	<i>(in thousand LAK)</i>			
<b>Loans to customers at amortised cost</b>				
Balance at 1 January	22,319,751	22,578,404	-	44,898,155
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Net re-measurement of loss allowance	1,536,782	7,421,247	-	8,958,029
New financial assets originated or purchased	5,628,075	1,533,910	-	7,161,985
Financial assets that have been derecognized	(9,539,506)	(1,825,829)	-	(11,365,335)
Write-offs	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-
Changes in models/risk parameters	-	-	-	-
Foreign exchange and other movements	1,245,921	2,003,280	-	3,249,201
<b>Balance at 31 December</b>	<b>21,191,023</b>	<b>31,711,012</b>	<b>-</b>	<b>52,902,035</b>



**KASIKORNTHAI BANK Sole Limited****Notes to the financial statements****For the year ended 31 December 2024****24. Financial risk management (cont.)****(iv) Loss allowance (cont.)**

	2024			Total
	Stage 1 (Performing)	Stage 2 (Under -Performing)	Stage 3 (Non- Performing)	
	<i>(in thousand LAK)</i>			
<i>Cash and cash equivalents</i>				
Balance at 1 January	18,066	40,610	-	58,676
Net remeasurement of loss allowance	(285)	285	-	
Net increase in cash and cash equivalents	(11,375)	(13,490)	-	(24,865)
Foreign exchange and other movements	(24)	509	-	485
<b>Balance at 31 December</b>	<b>6,382</b>	<b>27,914</b>	<b>-</b>	<b>34,296</b>

	2023			Total
	Stage 1 (Performing)	Stage 2 (Under -Performing)	Stage 3 (Non- Performing)	
	<i>(in thousand LAK)</i>			
<i>Cash and cash equivalents</i>				
Balance at 1 January	7,528	23,501	-	31,029
Net remeasurement of loss allowance	-	-	-	-
Net decrease in cash and cash equivalents	6,902	11,935	-	18,837
Foreign exchange and other movements	3,636	5,174	-	8,810
<b>Balance at 31 December</b>	<b>18,066</b>	<b>40,610</b>	<b>-</b>	<b>58,676</b>

**KASIKORNTHAI BANK Sole Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2024**

**24. Financial risk management (cont.)**

**(iv) Loss allowance (cont.)**

	2024			Total
	Stage 1 (Performing)	Stage 2 (Under -Performing)	Stage 3 (Non- Performing)	
	<i>(in thousand LAK)</i>			
<i>Deposits with other banks</i>				
Balance at 1 January	-	-	-	-
Net remeasurement of loss allowance	5,721	-	-	5,721
Net decrease in deposits with other banks	-	-	-	-
Foreign exchange and other movements	-	-	-	-
<b>Balance at 31 December</b>	<b>5,721</b>	<b>-</b>	<b>-</b>	<b>5,721</b>

	2023			Total
	Stage 1 (Performing)	Stage 2 (Under -Performing)	Stage 3 (Non- Performing)	
	<i>(in thousand LAK)</i>			
<i>Deposits with other banks</i>				
Balance at 1 January	654	-	-	654
Net remeasurement of loss allowance	-	-	-	-
Net decrease in deposits with other banks	(654)	-	-	(654)
Foreign exchange and other movements	-	-	-	-
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**KASIKORNTHAI BANK Sole Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2024**

**24. Financial risk management (cont.)**

**(iv) Loss allowance (cont.)**

	2024			
	Stage 1 (Performing)	Stage 2 (Under -Performing)	Stage 3 (Non- Performing)	Total
	(in thousand LAK)			
<i>Statutory deposits with Central Bank</i>				
Balance at 1 January	-	4,530	-	4,530
Net remeasurement of loss allowance	-	(608)	-	(608)
Net decrease in statutory deposits with Central Bank	-	609	-	609
Foreign exchange and other movements	-	44	-	44
<b>Balance at 31 December</b>	<b>-</b>	<b>4,575</b>	<b>-</b>	<b>4,575</b>
	2023			
	Stage 1 (Performing)	Stage 2 (Under -Performing)	Stage 3 (Non- Performing)	Total
	(in thousand LAK)			
<i>Statutory deposits with Central Bank</i>				
Balance at 1 January	-	2,194,470	-	2,194,470
Net remeasurement of loss allowance	-	-	-	-
Net decrease in statutory deposits with Central Bank	-	(2,190,676)	-	(2,190,676)
Foreign exchange and other movements	-	737	-	737
<b>Balance at 31 December</b>	<b>-</b>	<b>4,531</b>	<b>-</b>	<b>4,531</b>

**KASIKORNTHAI BANK Sole Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2024**

**24. Financial risk management (cont.)**

**(iv) Loss allowance (cont.)**

	2024			Total
	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	
	(in thousand LAK)			
<i>Loan commitments and financial guarantee contracts</i>				
Balance at 1 January	3,116,530	224,424	-	3,340,954
Net remeasurement of loss allowance	(544,460)	631,484	-	87,024
New loan commitments and financial guarantees issued	952,547	1,093,504	-	2,046,051
Financial assets that have been derecognized	(2,350,389)	(4,121)	-	(2,354,510)
Foreign exchange and other movements	6,021	(14,886)	-	(8,865)
<b>Balance at 31 December</b>	<b>1,180,249</b>	<b>1,930,405</b>	<b>-</b>	<b>3,110,654</b>

	2023			Total
	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	
	(in thousand LAK)			
<i>Loan commitments and financial guarantee contracts</i>				
Balance at 1 January	3,210,903	25,951	-	3,236,854
Net remeasurement of loss allowance	481,993	-	-	481,993
New loan commitments and financial guarantees issued	1,819,278	210,958	-	2,030,236
Financial assets that have been derecognized	(2,719,863)	(16,461)	-	(2,736,324)
Foreign exchange and other movements	324,219	3,976	-	328,195
<b>Balance at 31 December</b>	<b>3,116,530</b>	<b>224,424</b>	<b>-</b>	<b>3,340,954</b>



# KASIKORNTHAI BANK Sole Limited

## Notes to the financial statements

For the year ended 31 December 2024

### 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	
		2024	2023	2024	2023
		(in thousand LAK)		(in thousand LAK)	
Carrying amount	12	1,889,449,308	1,727,021,729	-	-
Amount committed/guaranteed		-	-	1,072,119,295	806,037,486
Concentration by sector					
Corporate:					
Industry		14,008,361	13,208,508	194,135,569	3,542,944
Construction		8,190,122	12,093,538	11,365,103	20,284,098
Agriculture and forestry		170,132,300	27,557,081	187,795,000	134,504,105
Trade		540,574,237	504,397,591	358,495,523	262,173,387
Service		785,383,986	819,100,830	300,328,100	339,529,302
Others		371,160,302	350,664,181	20,000,000	46,003,650
		<u>1,889,449,308</u>	<u>1,727,021,729</u>	<u>1,072,119,295</u>	<u>806,037,486</u>
Concentration by location					
Lao PDR		<u>1,889,449,308</u>	<u>1,727,021,729</u>	<u>1,072,119,295</u>	<u>806,037,486</u>
		<u>1,889,449,308</u>	<u>1,727,021,729</u>	<u>1,072,119,295</u>	<u>806,037,486</u>

#### 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.

**KASIKORNTHAI BANK Sole Limited**  
Notes to the financial statements  
For the year ended 31 December 2024

**24. Financial risk management (cont.)**

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

	2024						
	At call	Less than 6 Months	6 Months to 1 Year	Over 1 Year to 5 Years <i>(in thousand LAK)</i>	Over 5 Years	No Maturity	Total
<b>Financial assets</b>							
Cash and cash equivalents	1,056,762,327	-	-	-	-	-	1,056,762,327
Deposits with other Banks	-	43,002,001	-	-	-	-	43,002,001
Statutory deposits with Central Bank	-	-	-	-	-	117,093,106	117,093,106
Government Bonds and its equivalents	-	160,230,137	-	-	-	-	160,230,137
Loans to customers <sup>(*)</sup>	-	1,018,851,697	41,110,474	620,066,530	209,420,607	-	1,889,449,308
<b>Total financial assets</b>	<b>1,056,762,327</b>	<b>1,222,083,835</b>	<b>41,110,474</b>	<b>620,066,530</b>	<b>209,420,607</b>	<b>117,093,106</b>	<b>3,266,536,879</b>
<b>Financial liabilities</b>							
Deposits from customers	625,743,641	616,066,993	214,674,915	317,136,906	-	-	1,773,622,455
Deposits from other banks	4,806,882	190,000,000	-	-	-	-	194,806,882
Borrowing	-	-	100,000,000	523,000,000	-	-	623,000,000
Accrued interest payables	37,170	18,331,961	4,055,723	15,690,457	-	-	38,115,311
<b>Total financial liabilities</b>	<b>630,587,693</b>	<b>824,398,954</b>	<b>318,730,638</b>	<b>855,827,363</b>	<b>-</b>	<b>-</b>	<b>2,629,544,648</b>
<b>Liquidity - net</b>	<b>426,174,634</b>	<b>397,684,881</b>	<b>(277,620,164)</b>	<b>(235,760,833)</b>	<b>209,420,607</b>	<b>117,093,106</b>	<b>636,992,231</b>
<b>Liquidity - accumulative net</b>	<b>426,174,634</b>	<b>823,859,515</b>	<b>546,239,351</b>	<b>310,478,518</b>	<b>519,899,125</b>	<b>636,992,231</b>	<b>-</b>

<sup>(\*)</sup> includes accrued interest receivables

**KASIKORNTHAI BANK Sole Limited**  
Notes to the financial statements  
For the year ended 31 December 2024

**24. Financial risk management (cont.)**

	At call	Less than 6 Months	6 Months to 1 Year	2023 Over 1 Year to 5 Years (in thousand LAK)	Over 5 Years	No Maturity	Total
<b>Financial assets</b>							
Cash and cash equivalents	1,457,413,098	100,008,110	-	-	-	-	1,557,421,208
Statutory deposits with Central Bank	-	-	-	-	-	101,526,622	101,526,622
Loans to customers <sup>(*)</sup>	-	782,850,250	397,686,641	353,853,356	192,631,482	-	1,727,021,729
<b>Total financial assets</b>	<b>1,457,413,098</b>	<b>882,858,360</b>	<b>397,686,641</b>	<b>353,853,356</b>	<b>192,631,482</b>	<b>101,526,622</b>	<b>3,385,969,559</b>
<b>Financial liabilities</b>							
Deposits from customers	618,684,838	458,521,046	153,503,021	285,604,998	-	-	1,516,313,903
Deposits from other banks	4,564,973	642,520,000	162,450,000	-	-	-	809,534,973
Borrowing	-	-	-	398,000,000	-	-	398,000,000
Accrued interest payables	60,954	17,160,308	6,202,395	8,526,570	-	-	31,950,227
<b>Total financial liabilities</b>	<b>623,310,765</b>	<b>1,118,201,354</b>	<b>322,155,416</b>	<b>692,131,568</b>	<b>-</b>	<b>-</b>	<b>2,755,799,103</b>
<b>Liquidity - net</b>	<b>834,102,333</b>	<b>(235,342,994)</b>	<b>75,531,224</b>	<b>(338,278,212)</b>	<b>192,631,482</b>	<b>101,526,622</b>	<b>630,170,455</b>
<b>Liquidity - accumulative net</b>	<b>834,102,333</b>	<b>598,759,339</b>	<b>674,290,564</b>	<b>336,012,352</b>	<b>528,643,834</b>	<b>630,170,455</b>	<b>-</b>

<sup>(\*)</sup> includes accrued interest receivables



**KASIKORNTHAI BANK Sole Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2024**

**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 2024 and 31 December 2023 are as follows:

	2024	2023
	<i>(in thousand LAK)</i>	
Fixed interest rates	1,889,449,308	1,727,021,729
<b>Total loans</b>	<b>1,889,449,308</b>	<b>1,727,021,729</b>

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

	Average balance	2024 Interest income/ expense <i>(in thousand LAK)</i>	Average interest rate (%)
<b>Financial assets</b>			
Interest-bearing financial assets			
Government Bonds and its equivalent	42,916,667	5,205,624	12.13%
Deposits with other banks	146,870,417	5,591,900	3.81%
Loans to customers	1,827,471,868	157,848,230	8.64%
<b>Total financial assets</b>	<b>2,017,258,952</b>	<b>168,645,754</b>	
<b>Financial liabilities</b>			
Interest-bearing financial liabilities			
Deposits from customers	1,478,362,609	42,197,960	2.85%
Deposits from other banks	821,153,943	38,497,491	4.69%
Borrowing	404,250,000	30,347,444	7.51%
<b>Total financial liabilities</b>	<b>2,703,766,552</b>	<b>111,042,895</b>	

**KASIKORNTHAI BANK Sole Limited****Notes to the financial statements****For the year ended 31 December 2024****24. Financial risk management (cont.)****24.4. Market risk (cont.)****(i) Interest rate risk (cont.)**

	Average balance	2023 Interest income/ expense <i>(in thousand LAK)</i>	Average interest rate (%)
<b>Financial assets</b>			
Interest-bearing financial assets			
Deposits with other banks	13,189,833	182,802	1.39%
Loans to customers	1,463,019,444	131,857,562	9.01%
<b>Total financial assets</b>	<b>1,476,209,277</b>	<b>132,040,364</b>	
<b>Financial liabilities</b>			
Interest-bearing financial liabilities			
Deposits from customers	1,209,711,174	29,281,372	2.42%
Deposits from other banks	1,098,639,189	43,641,067	3.97%
Borrowing	141,500,000	7,256,650	5.13%
<b>Total financial liabilities</b>	<b>2,449,850,363</b>	<b>80,179,089</b>	

**KASIKORNTHAI BANK Sole Limited**  
Notes to the financial statements  
For the year ended 31 December 2024

**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 2024 and 31 December 2023 are shown as below:

	Immediate Repricing	2024 (in thousand LAK)					Non-interest Bearing	Total	
		Less than 6 Months	6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years				
<b>Financial assets</b>									
Cash and cash equivalents	-	-	-	-	-	1,056,762,327	1,056,762,327		
Deposits with other banks	-	43,002,001	-	-	-	-	-	43,002,001	
Statutory deposits with Central Bank	-	-	-	-	-	117,093,106	117,093,106		
Government Bonds and its equivalent	-	160,230,137	-	-	-	-	-	160,230,137	
Loans to customers(*)	-	1,018,851,697	41,110,474	620,066,530	209,420,607	-	-	1,889,449,308	
<b>Total financial assets</b>	<b>-</b>	<b>1,222,083,835</b>	<b>41,110,474</b>	<b>620,066,530</b>	<b>209,420,607</b>	<b>1,173,855,433</b>	<b>3,266,536,879</b>		
<b>Financial liabilities</b>									
Deposits from customers	282,552,747	616,066,993	214,674,915	317,136,906	-	343,190,894	1,773,622,455		
Deposits from other banks	-	190,000,000	-	-	-	4,806,882	194,806,882		
Borrowing	-	-	100,000,000	523,000,000	-	-	623,000,000		
Accrued interest payables	37,170	18,331,961	4,055,723	15,690,457	-	-	38,115,311		
<b>Total financial liabilities</b>	<b>282,589,917</b>	<b>824,398,954</b>	<b>318,730,638</b>	<b>855,827,363</b>	<b>-</b>	<b>347,997,776</b>	<b>2,629,544,648</b>		

(\*) includes accrued interest receivables

**KASIKORNTHAI BANK Sole Limited**  
Notes to the financial statements  
For the year ended 31 December 2024

**24. Financial risk management (cont.)**

**24.4. Market risk (cont.)**

**(i) Interest rate risk (cont.)**

	Immediate Repricing	2023					Non-interest Bearing	Total	
		Less than 6 Months	6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years				
		(in thousand LAK)							
<b>Financial assets</b>									
Cash and cash equivalents	-	100,008,110	-	-	-	1,457,413,098	1,557,421,208		
Statutory deposits with Central Bank	-	-	-	-	-	101,526,622	101,526,622		
Loans to customers(*)	-	782,850,250	397,686,641	353,853,356	192,631,482	-	1,727,021,729		
<b>Total financial assets</b>	-	<b>882,858,360</b>	<b>397,686,641</b>	<b>353,853,356</b>	<b>192,631,482</b>	<b>1,558,939,720</b>	<b>3,385,969,559</b>		
<b>Financial liabilities</b>									
Deposits from customers	451,912,866	458,521,046	153,503,021	285,604,998	-	166,771,972	1,516,313,903		
Deposits from other banks	-	642,520,000	162,450,000	-	-	4,564,973	809,534,973		
Borrowing	-	-	-	398,000,000	-	-	398,000,000		
Accrued interest payables	60,953	17,160,308	6,202,396	8,526,570	-	-	31,950,227		
<b>Total financial liabilities</b>	<b>451,973,819</b>	<b>1,118,201,354</b>	<b>322,155,417</b>	<b>692,131,568</b>	-	<b>171,336,945</b>	<b>2,755,799,103</b>		

<sup>(\*)</sup> includes accrued interest receivables



# KASIKORNTHAI BANK Sole Limited

## Notes to the financial statements

For the year ended 31 December 2024

### 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 2024 were as follows:

	USD	2024 Currency THB (in thousand LAK)	Total
<b>Financial assets</b>			
Cash and cash equivalents	481,811,622	425,422,936	907,234,558
Deposits with other banks	43,002,001	-	43,002,001
Statutory deposits with Central Bank	48,072,025	56,081,095	104,153,120
Loans to customer and accrued interest receivables	411,082,135	291,792,901	702,875,036
<b>Total financial assets</b>	<b>983,967,783</b>	<b>773,296,932</b>	<b>1,757,264,715</b>
<b>Financial liabilities</b>			
Deposits from customers	741,529,989	750,246,471	1,491,776,460
Deposits from other banks	4,802,954	2,858	4,805,812
<b>Total financial liabilities</b>	<b>746,332,943</b>	<b>750,249,329</b>	<b>1,496,582,272</b>
<b>Foreign currency position of items recognised on the statement of financial position - net</b>	<b>237,634,840</b>	<b>23,047,603</b>	<b>260,682,443</b>
	in original currency (USD)	(THB)	
<b>Foreign currency position of items recognised on the statement of financial position - net</b>	<b>11,067,712</b>	<b>36,295,438</b>	

**KASIKORNTHAI BANK Sole Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2024**

**24. Financial risk management (cont.)**

**(ii) Foreign exchange rate risk (cont.)**

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

	USD	2023 Currency THB (in thousand LAK)	Total
<b>Financial assets</b>			
Cash and cash equivalents	500,624,772	751,786,031	1,252,410,803
Deposits with other banks	-	-	-
Statutory deposits with Central Bank	49,686,870	37,917,652	87,604,522
Loans to customer and accrued interest receivables	398,938,961	201,182,192	600,121,153
<b>Total financial assets</b>	<b>949,250,603</b>	<b>990,885,875</b>	<b>1,940,136,478</b>
<b>Financial liabilities</b>			
Deposits from customers	565,674,769	703,717,739	1,269,392,508
Deposits from other banks	147,074,673	260,009,100	407,083,773
<b>Total financial liabilities</b>	<b>712,749,442</b>	<b>963,726,839</b>	<b>1,676,476,281</b>
<b>Foreign currency position of items recognised on the statement of financial position - net</b>	<b>236,501,161</b>	<b>27,159,036</b>	<b>263,660,197</b>
	in original currency (USD)	(THB)	
<b>Foreign currency position of items recognised on the statement of financial position - net</b>	<b>11,615,970</b>	<b>41,783,133</b>	

# KASIKORNTHAI BANK Sole Limited

## Notes to the financial statements

For the year ended 31 December 2024

### 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.

31 December 2024			
	Note	Amortised cost	Total carrying amount
<i>(in thousand LAK)</i>			
Cash and cash equivalents	9	1,056,728,031	1,056,728,031
Deposit with other banks	10	42,996,280	42,996,280
Statutory deposits with Central Bank	11	117,088,531	117,088,531
Government Bonds and its equivalents	12	160,223,951	160,223,951
Loans and advances to customers, net	13	1,806,012,314	1,806,012,314
<b>Total financial assets</b>		<b>3,183,049,107</b>	<b>3,183,049,107</b>
Deposits from customers	17	1,773,622,455	1,773,622,455
Deposits from other banks		194,806,882	194,806,882
Borrowing		623,000,000	623,000,000
<b>Total financial liabilities</b>		<b>2,591,429,337</b>	<b>2,591,429,337</b>
31 December 2023			
	Note	Amortised cost	Total carrying amount
<i>(in thousand LAK)</i>			
Cash and cash equivalents	9	1,557,362,532	1,557,362,532
Statutory deposits with Central Bank	11	101,522,091	101,522,091
Loans and advances to customers, net	13	1,671,529,727	1,671,529,727
<b>Total financial assets</b>		<b>3,330,414,350</b>	<b>3,330,414,350</b>
Deposits from customers	17	1,516,313,903	1,516,313,903
Deposits from other banks		809,534,973	809,534,973
Borrowing		398,000,000	398,000,000
<b>Total financial liabilities</b>		<b>2,723,848,876</b>	<b>2,723,848,876</b>

**KASIKORNTHAI BANK Sole Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2024**

**26. Commitments**

	2024	2023
	<i>(in thousand LAK)</i>	
Loan commitment	775,038,090	513,517,778

**27. Off-balance sheet items**

	2024	2023
	<i>(in thousand LAK)</i>	
<b>Commitment given</b>		
Letters of guarantee outstanding	297,081,206	292,519,709
<b>Collateral and Mortgages</b>		
Collaterals and mortgages for loans to customer	11,388,784,271	2,774,886,740

**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:

	2024	2023
	<i>(in thousand LAK)</i>	
Tier 1 capital	642,114,158	603,269,609
Tier 2 capital	55,085,864	47,926,101
<b>Total capital</b>	<b>697,200,022</b>	<b>651,195,710</b>
Less: Deductions from capital		
(Investments in other credit and financial institutions)	-	-
<b>Capital for CAR calculation</b>	<b>697,200,022</b>	<b>651,195,710</b>
Risk weighted balance sheet items	1,948,581,435	2,214,609,458
Risk weighted off balance sheet items	536,059,648	403,018,743
<b>Total risk weighted assets</b>	<b>2,484,641,083</b>	<b>2,617,628,201</b>
<b>Capital Adequacy Ratio</b>	<b>28.06%</b>	<b>24.88%</b>



**KASIKORNTHAI BANK Sole Limited****Notes to the financial statements****For the year ended 31 December 2024****30. Rights of use Assets****Right-of-use asset**

	31 December 2024	31 December 2023
	<i>(in thousand LAK)</i>	
<b>Balance at 1 January 2024/2023</b>	<b>19,578,806</b>	<b>18,989,617</b>
Addition during year	2,135,883	1,030,596
Write-off/Disposal	-	(441,407)
Accumulated depreciation	(9,834,102)	(7,452,437)
<b>Balance at 31 December 2024/2023</b>	<b>11,880,587</b>	<b>12,126,369</b>

**Amount recognized in profit or loss**

	31 December 2024	31 December 2023
	<i>(in thousand LAK)</i>	
Interest on lease liability	393,325	360,976
Depreciation charge for the year	2,381,665	1,884,042
<b>Total</b>	<b>2,774,990</b>	<b>2,245,018</b>

**31. Events after the reporting period**

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

**32. International Financial Reporting Standards (IFRS) not yet adopted**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024; however, the Bank has not applied the following new or amended standards in preparing these financial statements.

<b>IFRS</b>	<b>Topic</b>	<b>Year effective</b>
<b>Amended Standards</b>		
IAS 21	Lack of Exchangeability	2025

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



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**开泰银行 KASIKORNTHAIBANK**