

Canadia Bank Lao Limited

Financial Statements

31 December 2025

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Independent auditor's report

Our opinion

In our opinion, the financial statements of Canadia Bank Lao Limited (the Bank) for the year ended 31 December 2025 are prepared, in all material respects, in accordance with the relevant accounting regulations and notifications of Bank of Lao People's Democratic Republic and the accounting policies as described in Note 2 to the financial statements.

What we have audited

The Bank's financial statements comprise:

- the statement of income for the year then ended;
- the statement of financial position as at 31 December 2025;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audit of financial statements of public interest entities. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of matter - Basis of preparation

We draw attention to Note 2 to the financial statements, which describes the basis of preparation. The financial statements are prepared in accordance with the relevant accounting regulations and notifications of Bank of Lao People's Democratic Republic and the accounting policies as described in Note 2 to the financial statements. Our opinion is not modified in respect to this matter.



Responsibilities of the managements for the financial statements

The managements are responsible for the preparation of the financial statements in accordance with the relevant accounting regulations and notifications of Bank of Lao People's Democratic Republic and accounting policies described in Note 2 to the financial statements, and for such internal control as the managements determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board Audit Committee assists the managements in discharging their responsibilities for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

We also provide the Board of Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

For PricewaterhouseCoopers (Lao) Sole Company Limited



By: Apitsit Thientrongpinyo
Partner

Vientiane Capital, Lao PDR
27 March 2026

CANADIA BANK LAO LIMITED

**STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	2025 LAKm	2024 LAKm
OPERATING INCOME AND EXPENSES			
Interest and similar income	3	54,116	72,745
Interest and similar expense	3	(1,979)	(1,203)
NET INTEREST AND SIMILAR INCOME		52,137	71,542
Fee and commission income	4	2,749	1,914
Fee and commission expense	4	(1,317)	(938)
Net gain / (loss) from dealing in foreign currencies	5	(1,440)	19,377
NET OPERATING INCOME		52,129	91,895
OTHER INCOME AND EXPENSES			
Other operating income	6	3,775	2,002
Payroll and other staff costs	7	(21,569)	(20,179)
Other administration expenses	8	(5,513)	(5,428)
Depreciation and amortization charges	15	(4,732)	(2,111)
Other operating expenses	9	(235)	(308)
Provision reversed for non-performing loans	14.2	70,944	73,217
TOTAL PROFIT BEFORE TAX		94,799	139,088
Current profit tax	22.2	(18,579)	(18,074)
Deferred tax expense	22.3	-	(9,615)
NET PROFIT AFTER TAX		76,220	111,399

Prepared by:



Mr. Im Sovanrith
Chief Financial Officer

Vientiane Capital, Lao PDR

27 March 2026

Reviewed by:



Mr. Buth Ang
Chief Executive Officer

CANADIA BANK LAO LIMITED

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 LAKm	2024 LAKm
ASSETS			
Cash and balances with the BOL			
Cash on hand	10	9,050	8,824
Balances with the BOL	11	538,074	551,427
Due from other banks			
	12	278,354	290,056
Demand deposits		166,616	162,321
Term deposits		111,738	127,735
Investment securities			
Available-for-sale securities	13.1	23,058	23,058
Held-to-maturity securities	13.2	19,000	-
Loans to customers, net of specific provision			
	14	307,012	261,124
Property, equipment and right-of-use assets			
Construction in progress	15.1	-	94,662
Tangible fixed assets	15.2	37,183	1,793
Right of used assets	15.3	99,918	897
Other assets			
Accrued interest receivable	16	2,276	2,005
Other assets	17	1,658	2,903
TOTAL ASSETS		1,315,583	1,236,749

Prepared by:



Mr. Im Sovanrith
Chief Financial Officer

Vientiane Capital, Lao PDR

27 March 2026

Reviewed by:



Mr. Buth Ang
Chief Executive Officer

CANADIA BANK LAO LIMITED

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 LAKm	2024 LAKm
LIABILITIES AND EQUITY			
Due to other banks	18	173,136	177,271
Demand deposits		173,136	177,271
Due to the BOL	19	5,000	275
Borrowing from the BOL		5,000	275
Due to customers	20	259,446	261,279
Demand deposits		129,371	145,687
Saving deposits		107,918	101,301
Fixed term deposits		22,157	14,291
Other liabilities		18,293	14,665
Accrued interests payable		906	440
Tax payable to the State	22.1	7,348	8,066
Lease Liabilities	15.3	5,557	1,494
Other payables	21	4,482	4,665
TOTAL LIABILITIES		455,875	453,490
EQUITY			
Paid-up capital	23	680,810	680,810
Regulatory reserve		21,062	13,440
General provision	14.2	1,535	1,306
Retained earnings		156,301	87,703
TOTAL EQUITY		859,708	783,259
TOTAL LIABILITES AND EQUITY		1,315,583	1,236,749

Prepared by:



Mr. Im Sovanrith
Chief Financial Officer

Reviewed by:



Mr. Buth Ang
Chief Executive Officer

Vientiane Capital, Lao PDR
27 March 2026

CANADIA BANK LAO LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Paid-up capital LAKm	Regulatory reserve LAKm	General provision LAKm	Retained earnings LAKm	Total LAKm
Balance as at 01 January 2024	472,710	3,695	973	(13,951)	463,427
Net profit for the year	-	-	-	111,399	111,399
Appropriation to reserve for the year (*)	-	-	-	(9,745)	-
Capital injection (**)	208,100	9,745	-	-	208,100
Net provision for performing loans during the year	-	-	308	-	308
Foreign exchange difference	-	-	25	-	25
Balance as at 31 December 2024	680,810	13,440	1,306	87,703	783,259
Net profit for the year	-	7,622	-	76,220	76,220
Appropriation to reserve for the year (*)	-	-	-	(7,622)	-
Net provision for performing loans during the year	-	-	232	-	232
Foreign exchange difference	-	-	(3)	-	(3)
Balance as at 31 December 2025	680,810	21,062	1,535	156,301	859,708

(*) The Bank is required to appropriate 10% of profit after tax each year into regulatory reserve fund and the Business expansion fund and other funds shall be created upon decision of the Board of Directors.

(**) On 26 January 2024, the Bank increased its capital from 472,710,000,000 LAK to 680,810,000,000 LAK in accordance with the approval letter number 77/BOL dated 07 February 2024 issued by BOL.

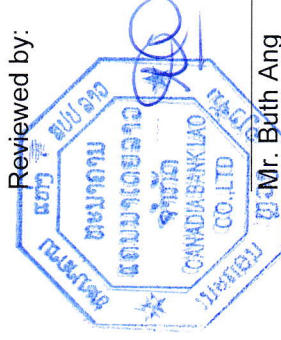
Prepared by:

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Mr. Im Sovanrith
Chief Financial Officer

Vientiane Capital, Lao PDR
27 March 2026

Reviewed by:



Mr. Buth Ang
Chief Executive Officer

CANADIA BANK LAO LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 LAKm	2024 LAKm
OPERATING ACTIVITIES			
Net profit before tax		94,799	139,088
Adjustments for:			
Depreciation and amortization charges	15	4,732	2,111
Provision reversed for credit losses	14.2	(70,712)	(72,909)
Bad debt written off		-	-
Interest income	3	(54,116)	(72,745)
Interest expense		2,118	1,203
(Gain) / Loss from disposes of property, plant and equipment		337	-
Foreign exchange (gain) loss		683	-
Operating (loss)/profit before changing in operating assets and liabilities		(22,159)	(3,252)
(Increase)/decrease in operating assets			
Balances with other banks		84,259	(204,182)
Loans and advances to customers		25,719	291
Other assets		3,012	7,938
Increase/(decrease) in operating liabilities			
Due to other banks		(4,135)	(139,107)
Due to customers		(1,833)	198,774
Other liabilities		(1,450)	9,702
Profit tax paid during the year	22.2	(19,297)	(1,885)
Interest received		51,840	73,081
Interest paid		(1,212)	(1,281)
Net cash flows (used to)/ from operating activities		114,744	(59,921)
INVESTING ACTIVITIES			
Payment for investment in securities - Held-to-maturity securities		(19,000)	-
Payment to Construction in progress		-	(60,661)
Payments to acquire property and equipment		(37,534)	(864)
Payments for right-of-use assets		(1,995)	-
Proceeds from disposals of fixed assets		261	-
Net cash flows used in investing activities		(58,268)	(61,525)

CANADIA BANK LAO LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 LAKm	2024 LAKm
FINANCING ACTIVITIES			
Proceeds from long-term borrowing		5,000	-
Repayments on long-term borrowings		(275)	(675)
Payment for principal elements of lease payments		(420)	-
Capital contribution		-	208,100
Net cash flows (used in)/from financing activities		4,305	207,425
Net change in cash for the year		60,781	85,979
Cash and cash equivalents at the beginning of year		413,827	327,848
Exchange gains/(losses) on cash and cash equivalents		(1,348)	-
Cash and cash equivalents at the end of year	24	473,260	413,827

Significant non-cash items

Acquisition of right-of-use assets during the year	5,707	-
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Prepared by:



Mr. Im Sovanrith
Chief Financial Officer

Vientiane Capital, Lao PDR
27 March 2026

Reviewed by:



Mr. Buth Ang
Chief Executive Officer

CANADIA BANK LAO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. CORPORATE INFORMATION

Canada Bank Lao Limited, a subsidiary of Canada Bank Plc, was established in Lao People's Democratic Republic. The Bank operates under the latest Banking License No. 17/BOL granted by Bank of the Lao PDR on 19 August 2025. The Bank also operates under the latest Business License No. 029222/ERO issued by Ministry of industry and commerce on 18 September 2025.

Canada Bank Lao Limited provides comprehensive banking and related financial services and currently, there are two service units are operating in Vientiane Capital.

The Bank's registered capital amounted to LAK 680,810,000,000 comprising 680,810 issued shares at an issue price of LAK 1,000,000.

Board of Directors

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

Name	Title	Date of appointment
Dr. Pung Kheav Se	Chairman	Appointed on 21 March 2014
Mr. Vann Charles Chuon	Vice chairman	Appointed on 21 March 2014
Mr. Sayaphet Phanthaboun	Independent Director	Appointed on 2 July 2025
Mr. Ou Sophanarith	Member	Appointed on 21 March 2014
Ms. Song Khenglay	Member	Appointed on 21 March 2014

Management

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

Name	Title	Date of appointment
Mr. Buth Ang	Chief Executive Officer	Appointed on 6 June 2015
Mr. Im Sovanrith	Chief Financial Officer	Appointed on 1 January 2020

Location

The Bank is located at Thadeua Street, Unit 18, Beung Kha Nyong Village, Sisattanak District, Vientiane Capital, Lao PDR.

Employees

Total employees of the Bank as at 31 December 2025 were 74 people (31 December 2024: 73 people).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Bank accounting policies, as described in the notes to the financial statements, and the relevant BOL regulations and notifications. The accounting principles applied may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The accompanying financial statements are not intended to present the financial position and financial performance in accordance with other jurisdictions.

Consequently, these financial statements are addressed only to those who are informed about the Bank's accounting policies and the relevant accounting regulations and notifications of BOL.

The preparation of financial statements requires management to make estimates and assumptions affecting the amounts reported as assets and liabilities, the disclosure of any contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The financial statements have been prepared under the historical cost convention.

Fiscal year

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

2.2 Recognition of interest income and expenses

Interest income recognition

Interest income is recognized on an accrual basis using the nominal interest rates stipulated in loan contracts with clients except for non-performing accounts and specific consideration.

Where an account becomes non-performing or when the management believes that the borrower has no ability to repay the principal and interest, the recording of interest is suspended, and interest income already recognized is reversed. Interest income will be recognized if accrued interest on non-performing loans will be subsequently collected or actually received. Customer accounts are deemed to be non-performing where repayments are in arrears for more than three months or 90 days. This is in line with the regulations of BOL.

Interest expense

Interest expense on deposits from customers and banks are recognized on an accrual basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Recognition of fee and commission

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

Fee and commissions from loan to customers are recognized into statement of income on cash basis.

Fee and commissions from bank guarantees are recognized as deferred revenue and amortised over the period.

2.4 Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid short-term investments with an original maturity less than 30 days that are readily convertible to known amount of cash and accounts due from banks with original maturity less than 30 days.

2.5 Investment securities

2.5.1 Held-to-maturity securities

Held-to-maturity investment securities are debt securities with fixed or determinable payments and maturities, which the Bank has intention and ability to hold to maturity to earn interest. When they are sold before maturity date, these securities will be reclassified as trading securities or available-for-sale securities.

Held-to-maturity securities are initially recognized at cost and subsequently presented at cost. Premiums and discounts arising from securities purchases are amortized in the statement of income using the straight-line method over the year from the acquisition dates to the maturity dates.

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

2.5.2 Available-for-sale securities

Available-for-sale equity securities are initially recognized at cost at the purchase date and continuously presented at cost in subsequent periods. Periodically, the available-for-sale securities are subject to review for impairment. Provision for impairment of these securities is made when there has been a significant decline in the market value below their cost. The Bank treats 'significant' generally as 20% or greater than six months. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current market value, less any impairment provision on that investment previously recognized in the statement of income, is removed from equity and recognized in impairment provision on financial investments in the statement of income as "Net gain/(loss) from securities investment". When the investment is disposed of, the cumulative loss previously recognized in equity is recognized as "Net gain/(loss) from securities investment" in the statement of income.

2.6 Loans to customers

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.7 Classification of and provision for credit activities**

Loan classification

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

Provision

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

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

- (i) Provision amount is calculated by the following formulas:
- General provision = Provision rate x Loan outstanding balance
 - Specific provision = Provision rate x (Loan outstanding balance – discounted value of collateral)

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Fixed assets

Tangible fixed assets consist of buildings and improvements, office equipment, furniture and fixtures, motor vehicles and IT equipment. Intangible assets include software

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

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

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

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

2.9 Lease

According to the BOL's Notification No. 1433/BOL dated 24 October 2019 that requesting commercial banks to apply IFRS 16 preparation and presentation of financial statements.

The Bank recognized right-of-use assets and lease liabilities for those leases previously classified as finance lease or operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Right-of-use assets

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Lease (Continued)

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.10 Depreciation**

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

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

2.11 Reserves

Under the requirement of the Law on commercial Bank No.39/NA, dated 17 July 2023, commercial banks are required to appropriate net profit to following reserves:

- ▶ Regulatory reserve fund
- ▶ Business expansion fund and other funds

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

The Business expansion fund and other funds shall be created upon decision of the Board of Directors. Accordingly, the Bank has made the following reserves for the year ended 31 December 2025:

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

2.12 Foreign currency transactions and translation

Transactions in original currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at year end are translated into LAK at exchange rates ruling on the statement of financial position date. All foreign exchange differences are taken into "Net gain/(loss) from dealing in foreign currencies" in the income statement.

2.13 Profit tax

Current tax

The Bank is obliged to pay profit tax at rate of 20% of total profit before tax in accordance with the Income Tax Law, effective for accounting periods starting on 1 January 2020.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Profit tax (Continued)

Deferred tax

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

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

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

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

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

2.14 Employee benefit

Post-employment benefits

Post-employment benefits are paid to retired employees of the Bank by the National Social Security Fund Office which belongs to the Ministry of Labor and Social Welfare. The Bank is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 6% of employee's basic salary on a monthly basis or of ceiling LAK4,500,000 in case employee's basic salary higher than ceiling rate. The Bank has no further significant obligation concerning post-employment benefits for the employees other than this.

Termination benefits

In accordance with Article 90 of the Amended Labor Law No. 43/NA, dated 24 December 2013, the Bank has the obligation to pay allowance for employees who are terminated by dismissal in the following cases:

- Compensation for the cancellation of employment contracts shall be 10% of the last salary or wage multiplied by the total number of months worked;
- For unjustified termination of employment contracts in accordance with the Article 88 of the Amended Labor law, compensation will be 15% of the last salary or wage multiplied by the total number of months worked; and
- Cancellation of employment contracts for reasons not specified in the Amended Labor Law, the Bank must implement compensation in accordance with the agreement between the Bank and the employee.

CANADIA BANK LAO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

3. NET INTEREST AND SIMILAR INCOME

	2025 LAKm	2024 LAKm
Interest and similar income from:		
Interbank transactions	4,463	4,037
Loans to customers	48,909	68,708
Held-to-maturity securities	744	-
	<u>54,116</u>	<u>72,745</u>
Interest and similar expense for:		
Interbank transactions	(87)	(21)
Customer deposits	(1,892)	(1,182)
	<u>(1,979)</u>	<u>(1,203)</u>
Net interest and similar income	<u>52,137</u>	<u>71,542</u>

4. FEE AND COMMISSION INCOME AND EXPENSE

	2025 LAKm	2024 LAKm
Fee and commission income from:		
Credit activities	2,740	1,903
Other fee and commissions	9	11
	<u>2,749</u>	<u>1,914</u>
Fees and commission expense for:		
Commission in interbank transactions	(291)	(117)
Other fee and commissions	(1,026)	(821)
	<u>(1,317)</u>	<u>(938)</u>

5. NET GAIN/(LOSS) FROM DEALING IN FOREIGN CURRENCIES

	2025 LAKm	2024 LAKm
Gain from dealing in foreign currencies	13,009	41,593
Loss from dealing in foreign currencies	(14,449)	(22,216)
	<u>(1,440)</u>	<u>19,377</u>

6. OTHER OPERATING INCOME

	2025 LAKm	2024 LAKm
Dividend income	2,077	1,246
Income from custody services	1,088	690
Income from sale of tangible fixed assets	261	-
Other operating income	349	66
	<u>3,775</u>	<u>2,002</u>

CANADIA BANK LAO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

7. PAYROLL AND OTHER STAFF COSTS

	2025 LAKm	2024 LAKm
Wages and allowances	21,283	19,752
Other employee expenses	286	427
	21,569	20,179

8. OTHER ADMINISTRATION EXPENSES

	2025 LAKm	2024 LAKm
External services	1,748	1,270
Repair and maintenance expenses	1,781	1,382
Publication, marketing and promotion	371	429
Office rental	139	105
Telecommunication	145	144
Training, meeting and seminar	9	3
Taxes and duties	52	464
Auditor fee	521	428
Consultant fees	87	33
Other expenses	660	1,170
	5,513	5,428

9. OTHER OPERATING EXPENSES

	2025 LAKm	2024 LAKm
Provision charged for performing loan (Note 14.2)	232	308
Loss from disposes of property, plant and equipment (Note 15.2)	3	-
	235	308

10. CASH ON HAND

	2025 LAKm	2024 LAKm
Cash on hand in LAK	1,232	1,335
Cash on hand in foreign currencies	7,818	7,489
	9,050	8,824

CANADIA BANK LAO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

11. BALANCES WITH THE BOL

	2025	2024
	LAKm	LAKm
Demand deposit	297,594	242,683
Compulsory reserve (*)	34,176	25,109
Registered capital reserve (**)	206,304	283,635
	538,074	551,427

Balances with the BOL 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 8.00% for LAK and 11.00% for foreign currencies, on a bi-monthly basis, of customer deposits having original maturities of less than 12 months (2024: 8.00% for LAK and 11.00% for foreign currencies).

(**) According to Decision No. 721/BOL dated 22 September 2022, which was effective from 22 September 2022, commercial banks are required to maintain a positive balance at the BOL in the form of special deposit. The Bank was then approved by the BOL in Official Letter No. 293/BSD dated 23 May 2024, Official Letter 375/BSD dated 01 July 2024 and Official Letter No. No. 493/BSD dated 13 August 2024 to withdraw from this deposit account to supplement its working capital.

12. DUE FROM OTHER BANKS

	2025	2024
	LAKm	LAKm
Demand deposits at other banks		
Current accounts at domestic banks	166,087	161,789
Foreign banks	529	532
	166,616	162,321
Term deposits at other banks		
Domestic banks - Term deposits	111,738	127,735
Foreign banks	-	-
	111,738	127,735

Interest rates for term deposit during the year are as follows:

	2025	2024
	Interest rates	Interest rates
	% per annum	% per annum
Term deposit in USD	3.20 – 4.00	3.50 – 4.50

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**
13. INVESTMENT SECURITIES**13.1 Available-for-sale securities**

	2025	2024
	LAKm	LAKm
Equity shares	23,058	23,058
	23,058	23,058

The available-for-sale securities consist of 20,772,500 shares invested in Banque Pour Le Commerce Exterieur Lao, a listed company on the Lao Securities Exchange.

13.2 Held-to-maturity securities

Bond issued by the BOL as at 31 December 2025 was as follows (2024: nil):

Term	Issued date	Maturity date	Face value	Interest rate
			(LAKm)	% per annum
7 days	25 December 2025	1 January 2026	19,000	8%

14. LOANS TO CUSTOMERS, NET OF SPECIFIC PROVISION

	2025	2024
	LAKm	LAKm
Loans to customers (Note 14.1)	328,500	354,219
Less specific provision (Note 14.2)	(21,488)	(93,095)
In which:		
Specific provision for non-performing loans	(21,488)	(93,095)
	307,012	261,124

Interest rates of loans to customers as at 31 December 2025 are as follows:

	2025	2024
	Interest rates	Interest rates
	% per annum	% per annum
Loans denominated in USD	5.00-13.00	5.00-11.00
Loans denominated in LAK	5.00-14.00	5.00-14.00
Loans denominated in THB	10.00-10.50	10.00-10.50

CANADIA BANK LAO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

14. LOANS TO CUSTOMERS, NET OF SPECIFIC PROVISION (CONTINUED)

14.1 Analysis of loans to customers

Analysis by currency

	2025	2024
	LAKm	LAKm
Loans denominated in USD	122,977	212,362
Loans denominated in LAK	201,733	137,583
Loans denominated in THB	3,790	4,274
	328,500	354,219

Analysis by quality

	2025	2024
	LAKm	LAKm
Normal or Pass	307,012	261,124
Loss	21,488	93,095
	328,500	354,219

Analysis by original term

	2025	2024
	LAKm	LAKm
Short-term loans	9,053	2,259
Medium-term loans	169,288	220,172
Long-term loans	150,159	131,788
	328,500	354,219

Analysis of loan portfolio by type of industrial sectors

	2025	2024
	LAKm	LAKm
Construction companies	78,064	151,389
Technical instruments enterprise	483	583
Agricultural and forestry	770	1,144
Trading companies	164,438	133,646
Services companies	38,977	24,596
Other loans	45,768	42,861
	328,500	354,219

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**
14. LOANS TO CUSTOMERS, NET OF SPECIFIC PROVISION (CONTINUED)
14.2 Provision for credit losses

Movements of provision for credit losses of the Bank during the year ended 31 December 2025 are as follows:

	Specific provision		General provision	Total
	NPLs LAKm	Special mentioned loans LAKm	Normal loans LAKm	
Balance as at 31 December 2024	93,095	-	1,306	94,401
Net provision (reversed)/charged during the year	(70,944)	-	232	(70,712)
Foreign exchange difference	(663)	-	(3)	(666)
Balance as at 31 December 2025	21,488	-	1,535	23,023

Movements of provision for credit losses of the Bank during the year ended 31 December 2024 are as follows:

	Specific provision		General provision	Total
	NPLs LAKm	Special mentioned loans LAKm	Normal loans LAKm	
Balance as at 31 December 2023	159,867	-	973	160,840
Net provision (reversed)/charged during the year	(73,217)	-	308	(72,909)
Foreign exchange difference	6,445	-	25	6,470
Balance as at 31 December 2024	93,095	-	1,306	94,401

The breakdown of loan classification and provision as required by the BOL as at 31 December 2025 is as follows:

Classification	Loan balance LAKm	Specific Provision LAKm	General provision LAKm
Performing loans			
- Normal or Pass	307,012	-	(1,535)
Non-Performing loans (NPL)			
- Loss	21,488	(21,488)	-
Total	328,500	(21,488)	(1,535)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**
15. PROPERTY, EQUIPEMENT AND RIGHT-OF-USE ASSETS
15.1 Construction in progress

Movements of construction in progress for the year 2025 are as follows:

	LAKm
Opening balance	94,662
Additions	37,775
Transfer to tangible assets	(37,534)
Transfer to right of used assets*	(94,307)
Transfer to expenses	(596)
Closing balance	-

*In the prior year, the Bank's management approved the acquisition of land together with an existing building for use as the Bank's head office. An agreement was entered into with a Lao national landowner to allow the Bank to use the land and building. During the period in which renovation and fitting-out work were carried out, the related costs were capitalized and presented as construction in progress.

In 2025, management subsequently renegotiated the arrangement with the landowner and entered into a long-term lease agreement for the land and building. Accordingly, the related assets were reclassified from construction in progress to right-of-use assets and accounted for in accordance with the Bank's lease accounting policy.

15.2 Tangible fixed assets

Movements of tangible fixed assets during the year are as follows:

	Building & improvement LAKm	Office equipment LAKm	Furniture & fixtures LAKm	Motor vehicles LAKm	IT Equipment LAKm	Total LAKm
At 1 January 2025						
Cost	1,687	1,629	493	1,387	3,614	8,810
<u>Less: Accumulated Depreciation</u>	(1,231)	(1,540)	(460)	(1,387)	(2,399)	(7,017)
Net book amount at 1 January 2025	456	89	33	-	1,215	1,793
For the year ended 31 December 2025						
Opening net book amount	456	89	33	-	1,215	1,793
Transferred in (Note 15.1)	29,360	1,016	601	-	6,557	37,534
Disposal, net	-	(3)	-	-	-	(3)
Depreciation charge	(1,162)	(108)	(50)	-	(821)	(2,141)
Closing net book amount	<u>28,654</u>	<u>994</u>	<u>584</u>	<u>-</u>	<u>6,951</u>	<u>37,183</u>
At 31 December 2025						
Cost	31,047	1,818	835	1,376	9,371	44,447
<u>Less: Accumulated Depreciation</u>	(2,393)	(824)	(251)	(1,376)	(2,420)	(7,264)
Net book amount at 31 December 2025	28,654	994	584	-	6,951	37,183

CANADIA BANK LAO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

15. PROPERTY, EQUIPEMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

15.3 Right of used assets

Movements of the balance of right of used assets during the year are as follows:

	Building LAKm
Balance as at 1 January 2025	897
Transferred in (Note 15.1)	94,307
Additions	7,702
Lease termination	(397)
Depreciation	(2,591)
Balance as at 31 December 2025	99,918

Lease liability

Set out below are the carrying amounts of lease liability and the movements during the year:

	2025 LAKm
As at 01 January 2025	1,494
Acquisitions	6,336
Lease termination	(1,855)
Payments	(420)
Foreign currency difference	2
As at 31 December 2025	5,557

16. ACCRUED INTEREST RECEIVABLE

	2025 LAKm	2024 LAKm
Accrued interest receivable from:		
- Loans to customers	1,357	1,108
- Term deposits	894	897
- Held-to-maturity securities	25	-
	2,276	2,005

17. OTHER ASSETS

	2025 LAKm	2024 LAKm
Prepaid expenses	1,522	1,245
Others	136	1,658
	1,658	2,903

CANADIA BANK LAO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

18. DUE TO OTHER BANKS

	2025 LAKm	2024 LAKm
Demand deposit from:		
Canada Bank Plc	173,136	177,271
Other financial institutions	-	-
	173,136	177,271

19. DUE TO THE BOL

	2025 LAKm	2024 LAKm
Borrowing from BOL	5,000	275
	5,000	275

In 2025 the Bank entered into borrowing agreement with the BOL. The purpose of this borrowing is to provide financial support for small and medium-sized enterprises to continue or expand their business operations.

Contract Number	Amount LAKm	Start date	Maturity date	Interest rate per annum
21/BOL.SVK	5,000	25 April 2025	25 April 2030	2.5%
	5,000			

Borrowings from the Bank of the Lao PDR (BOL) were obtained for the purpose of providing credit for liquidity support and the restoration of certain customers affected by the coronavirus (COVID-19) pandemic, as permitted under Decision No. 318/BOL dated 19 May 2020. Details of the borrowing contract are as follows:

Contract Number	Amount LAKm	Start date	Maturity date	Interest rate per annum
956/SD	275	16 March 2021	16 March 2025	3%
	275			

20. DUE TO CUSTOMERS

	2025 LAKm	2024 LAKm
Demand deposits	129,371	145,687
Demand deposits in LAK	5,806	8,883
Demand deposits in FC	123,565	136,804
Saving deposits	107,918	101,301
Saving deposits in LAK	2,621	2,910
Saving deposits in FC	105,297	98,391
Fixed term deposits	22,157	14,291
Fixed term deposits in LAK	2,381	2,378
Fixed term deposits in FC	19,776	11,913
	259,446	261,279

CANADIA BANK LAO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025****20. DUE TO CUSTOMERS (CONTINUED)**

The interest rates for these deposits are as follows:

	2025	2024
	% per annum	% per annum
Demand deposits	0.00	0.00
Saving deposits in LAK	1.89 - 5.59	1.89 - 5.59
Saving deposits in USD	1.00 - 4.00	1.00 - 4.00
Saving deposits in THB	1.00	1.00
Term deposits in LAK	5.59	3.16 - 5.59
Term deposits in USD	3.00 - 5.25	2.25 - 5.25
Term deposits in THB	5.25	3.00 - 5.25

21. OTHER PAYABLES

	2025	2024
	LAKm	LAKm
Bonus and pension	2,750	2,596
Deferred Revenues	545	1,099
Salary Taxes Payable	219	167
Accrued expenses	394	307
Other payables to BOL	485	477
Other liabilities	89	19
	4,482	4,665

22. TAXATION**22.1 Tax payables**

	2025	2024
	LAKm	LAKm
Profit tax payable (note 22.2)	7,348	8,066
	7,348	8,066

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**
22. TAXATION (CONTINUED)**22.2 Profit Tax (“PT”)**

The Bank is obliged to pay profit tax at rate of 20% on total profit before tax of the period in accordance with Tax Law No.67/NA dated 18 June 2019 which is effective on or after 1 January 2020.

	2025	2024
	LAKm	LAKm
Profit before tax	94,799	139,088
Non-taxable income	(2,077)	(1,246)
Non-deductible expense	175	605
Utilization of tax losses	-	(48,074)
Total taxable profit/(loss)	92,897	90,373
Current PT expense, at the statutory rate of 20%	18,579	18,074
PT expense during the year		
PT Payable at the beginning of the year	8,066	-
PT expense during the year	18,579	18,074
PT recoverable at the beginning of the year	-	(8,123)
PT paid during the year	(19,297)	(1,885)
PT payable at the end of year	7,348	8,066

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

22.3 Deferred tax assets

	Statement of financial position		Income statement	
	2025	2024	2025	2024
	LAKm	LAKm	LAKm	LAKm
Deferred tax assets	-	-	-	(9,615)
Net deferred tax (debited)/credited to the income statement	-	-	-	(9,615)

*Deferred tax assets are mainly from losses carried forward

CANADIA BANK LAO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

23. PAID-UP CAPITAL

The movement of paid-up capital during the years is presented below:

	2025	2024
	LAKm	LAKm
Opening balance	680,810	472,710
Capital contribution during the year (*)	-	208,100
Closing balance	680,810	680,810

(*) On 26 January 2024, the Bank increased its capital from 472,710,000,000 LAK to 680,810,000,000 LAK in accordance with the approval letter number 77/BOL, dated on 07 February 2024 issued by BOL.

In accordance with Law on Commercial Banks No. 39/NA issued by the National Assembly on 17 July 2023 with the effective date on 15 September 2023, all commercial bank in Lao PDR are required to increase their charter capital to meet the minimum charter capital of LAK 1,000 billion.

In October 2025, the Bank of the Lao PDR granted approval for the Bank's proposed share capital increase in the amount of LAK 1,000 billion.

24. CASH AND CASH EQUIVALENTS

	2025	2024
	LAKm	LAKm
Cash on hand	9,050	8,824
Current accounts with the BOL	297,594	242,682
Current accounts with other banks	166,616	162,321
	473,260	413,827

25. EVENTS AFTER THE REPORTING DATE

There is no matter or circumstance that has arisen since 31 December 2025 that requires adjustment or disclosure in the financial statements of the Bank.