



Banque pour le Commerce Extérieur Lao Public

No. 44/BOD
Vientiane Capital, Dated: 26/04/2019

Minutes

The Annual General Shareholders' Meeting of Banque pour le Commerce Extérieur Lao Public for the year 2018.

The Annual General Shareholders' Meeting of Banque pour le Commerce Extérieur Lao Public (BCEL) for the Year 2018 (hereinafter called: "The Meeting") was held at 14:30 p.m. on the 26 April 2019 at the Grand Ballroom of Landmark Mekong Riverside Hotel, Vientiane Capital and was presided over by Dr. Bounleua SINXAYVORAVONG, Director General of the Fiscal Policy and Law Department, Ministry of Finance, Chairman of BCEL's Board of Directors, together with Directors of the Board of Directors. The Meeting was attended by 87 shareholders, 193 proxies, and the total number of shares in the meeting was 179.490.932 shares, including 1.060.332 shares via proxies, which in total is equivalent to 86,409% of the total shares of BCEL and this made the quorum of the Meeting in accordance with the Articles of Association of BCEL and relevant laws. The number of shares not attending the Meeting was 28.232.368 shares, equivalent to 13,591% of the total shares of BCEL.

Before commencing each agenda, the Chairman informed the Meeting of the Directors of the Board attending the Meeting, the rules of the Meeting and how to vote.

After that, The Meeting considered, commented and resolved on each agenda as follows:

Agenda 1: Report on the implementation of the resolutions of the last shareholders' meeting

Mr. Phoukhong Chanthachack, BCEL's General Managing Directors reported to the Meeting about the implementation of the resolutions of the shareholders' meeting held on the 27/04/2018.

After that the Chairman asked the shareholders to make questions, but there were no questions made.

This agenda did not require any votes.

Agenda 2: A brief report on the business performance highlights of BCEL for the year 2018

Mr. Phoukhong Chanthachack, BCEL's General Managing Director reported to the Meeting about the business performance highlights of BCEL for the year 2018.

After that the Chairman asked the shareholders to make questions about this agenda, but there were no questions made.

This agenda did not require any votes.

Agenda 3: To consider and approve the Business Performance Results of the year 2018

Mr. Phoukhong Chanthachack, BCEL's General Managing Director presented the Business Performance Results for the year 2018 in accordance with IFRS separate financial statements audited by Ernst and Young Lao Limited Company as follows:

- Total Assets/Liabilities: 38.942.645 million LAK
- Total loans: 24.338.369 million LAK
- Total Deposits: 32.968.912 million LAK
- Profit before tax: 459.256 million LAK
- Profit after tax: 353.656 million LAK

The Meeting was requested to authorize the Board of Directors to consider and approve the Business Performance Results for the year 2018 in accordance with IFRS consolidated financial statements after the audit completion.

After that the Chairman asked the shareholders to make questions about this agenda, and there were questions and clarifications made as follows:

- 1) **Mr. Kraiwal Kadavanich** commented that: The shareholders' meeting of BCEL for the last 2 or 3 years there was no confirmation of the minutes. He proposed that the minutes of the previous meeting be confirmed in order for the shareholders to check if the minutes are correct. BCEL did not attach the minutes to the meeting paper and download source was unknown if not requested. On the website, the available documents were the minutes of the Board Meetings only.
 - **Mr. Phoukhong Chanthachack** clarified that: BCEL has the particular section in charge of keeping the minutes. Additionally, the minutes have been duly disclosed on the Lao Securities Exchange's disclosure platform which the shareholders may check for them on the website or further coordinate with the secretariat.
- 2) **Mr. Suriyakone Inthavong**: questioned about the financial report for the year 2018, wondering why the report for Quarter 4/2018 was disclosed very late and in 2019 how the disclosure of financial statements could be made faster.
 - **Mr. Phoukhong Chanthachack** clarified that: in terms of disclosure BCEL complied with the regulations. For the Quarter 4/2018, there were audits and approval from

the Board before disclosure could be made. There was a delay, but still inline the regulations.

Then, the Chairman requested the shareholders to vote on this agenda.

The Meeting resolved with the majority vote of the shareholders attending the Meeting as detailed below:

- **Approved: 179.490.932 votes, equivalent to 100% of the total votes attending the Meeting.**
- **Disapproved: 0 votes, equivalent to 0% of the total votes attending the Meeting.**

Agenda 4: To consider and approve the dividends for the year 2018.

Mr. Phoukhong Chanthachack, the General Managing Director of BCEL proposed to the Meeting that after deduction for tax payment and regulatory reserves, it was agreed to pay the total dividends 205.853 million LAK to BCEL's shareholders as named in the shareholder registration book on the closing date of the shareholder registration book to determine the rights of shareholders to attend the Meeting and receive dividend on 01 April 2019, at the rate of 991 LAK/share. The dividend payment shall be completed within 10 working days after the Meeting.

After that the Chairman asked the shareholders to make questions about this agenda, but there were no questions made.

Then, the Chairman requested the shareholders to vote on this agenda.

The Meeting resolved with the majority vote of the shareholders attending the Meeting as detailed below:

- **Approved: 179.490.932 votes, equivalent to 100% of the total votes attending the Meeting.**
- **Disapproved: 0 votes, equivalent to 0% of the total votes attending the Meeting.**

Agenda 5: To consider and approve the Business Plan for the year 2019

Mr. Phoukhong Chanthachack, the General Managing Director of BCEL presented to the Meeting the business plan for the year 2019 as follows:

- Total assets: 42.742.300 million LAK
- Total deposits: 35.730.000 million LAK
- Total loans: 25.830.000 million LAK
- Profit before tax: 565.000 million LAK
- The plan to recruit new staff for BCEL in overall the country: 200 employees.

- The plan to establish 10 more new service units in overall the country.
- The plan to use the fund for equipment procurement, construction and maintenance which is expected to book as fixed assets in the amount of 172.153 million LAK.

After that the Chairman asked the shareholders to make questions about this agenda, and there were questions and clarifications made as follows:

- 1) **Mr. Kraiwal Kadavanich:** The attachment to the Agenda 5 contained details on human resource development and CG, so he wondered if this would be the first year of implementation or it was previously undertaken.
 - The plan for the year 2019 presents the new card product, Mastercard. BCEL has various card products such as: JCB, Co-Brand cards which should be advertised more and the website should be updated for advertisement as the customers who need to approach the bank can see details on the website.
 - The basic card product widely used by the customers is standard ATM cards, and he was keened to know when the cards will be upgraded to chip cards for international acceptance.
 - BCEL has continuously developed, but put more emphasis in the year 2019, regarding human resource development and CG. Should there be any changes that may affect the customers, prior notice should be made to the customers with time sufficiency for all products. This shall be a basic thing for implementation. However, some areas are not properly improved. For example, updates on the passbooks still skip some transactions. All transactions shall be printed. More transactions mean that the customers have various transactions with the bank.
 - In case of replacing old cards with new cards, BCEL should not keep the customers' old cards as this may make the customers skeptical of security.
- **Mr. Phoukhong Chanthachack** thanked for the feedback on the services and clarified that: In terms of development, strategies were made for each area and budget was prepared for each development area. Human resource development involves local and international trainings, including development of CG and others. Currently development also includes Basel II Project to strengthen BCEL as per the policy issued by the Bank of the Lao PDR. All the said development has been constantly carried out year on year.
- In terms of business, there are business plan and budget plan for operation in each area. For advertisement of new products, BCEL gives high attention on advertisement on various types of media and website. Should updates are yet available, improvement will be in place.
- Upgrade of ATM cards into chip cards has been implementing but is yet to complete. This will be continued till success.

2) **Mr. Keotadam Manolom:** Last year BCEL opened new service units and recruited 90 employees, while in 2019 about 10 more service units will be opened and about 200 employees will be recruited. How necessary is this as operation expenditure may increase?

- **Mr. Phoukhong Chanthachack** clarified that: expansion of service units is necessary and significant. Prior to expansion of each service network, BCEL will conduct surveys to make sure that the service meet the demand of the society and operation is effective. In 2018, BCEL planned to open 9 service units but only 8 service units were launched. In 2018, the recruitment plan was 217 employees, while in 2017 it was planned for 90 people. The placement of employees for each service point depends on actual operation and is in line with the plan. In general, it is observed that the number of customers and transaction volume are increasing which requires sufficient deployment of staff. In addition, BCEL also has the plans for product and IT system development to accommodate more customer service. It is deemed that the planned recruitment number is appropriate.

Then, the Chairman requested the shareholders to vote on this agenda.

The Meeting resolved with the majority vote of the shareholders attending the Meeting as detailed below:

- **Approved: 179.490.932 votes, equivalent to 100% of the total votes attending the Meeting.**
- **Disapproved: 0 votes, equivalent to 0% of the total votes attending the Meeting.**

Agenda 6: To consider and approve the appointment of the independent auditor for the year 2019

Mr. Phoukhong Chanthachack, the General Managing Director of BCEL requested the Meeting to approve the appointment of Ernst and Young Lao Limited Company as the independent auditor for the year 2019 with the audit fee of 93.000 USD (Ninety-three thousand US Dollar) under the condition that EY must change the new partner to sign on the final reports and the new partner can audit BCEL no more than 5 consecutive years (up to 2020).

After that the Chairman asked the shareholders to make questions about this agenda, but there were no questions made.

Then, the Chairman requested the shareholders to vote on this agenda.

The Meeting resolved with the majority vote of the shareholders attending the Meeting as detailed below:

- **Approved: 179.490.932 votes, equivalent to 100% of the total votes attending the Meeting.**

- **Disapproved: 0 votes, equivalent to 0% of the total votes attending the Meeting.**

Agenda 7: To consider and approve the investment of BCEL in co-founding of Lao National Payment Network Co., LTD

Mr. Phoukhong Chanthachack, the General Managing Director of BCEL requested the Meeting to approve BCEL's investment in co-founding the Lao National Payment Network Co., LTD which will be the company providing the services of the modern payment system to domestic banks. The company will be jointly invested by 7 local commercial banks and 1 foreign company. The company will have the chartered capital of 34.000 million LAK. BCEL will invest 20% of the shares in the value of 6.800 million LAK and have the right to nominate the Managing Director of the company.

After that the Chairman asked the shareholders to make questions about this agenda, and there were questions and clarifications made as follows:

- 1) **Mr. Lin Li**, from Lao China Securities Company: After establishment, will this company be the 2nd tier settlement under BOL's clearing house? Will OnePay product of BCEL be part of or competing against this company's business?
 - **Mr. Phoukhong Chanthachack** informed that: this company will be a separate legal entity in charge of the settlement system of the domestic banks including ATM switching, mobile banking settlement and EDC integration which will help reduce the cost for the member banks. Regarding the plan for future switching with other settlement systems, it is subject to the company's actual operation. BCEL also has integration plan in order to reduce risks and save costs.

Then, the Chairman requested the shareholders to vote on this agenda.

The Meeting resolved with the votes of more than two-thirds of the shareholders attending the Meeting and having in aggregate of more than 80% of BCEL's total shares as follows:

- **Approved: 87 shareholders, equivalent to 100% of the shareholders attending the Meeting and holding in total 179.490.932 shares, equivalent to 86,409% of the total shares.**
- **Disapproved: 0 shareholders, equivalent to 0% of the shareholders attending the Meeting and holding in total 0 shares, equivalent to 0% of the total shares.**

After the Meeting has covered all the agenda specified in the invitation, the Chairman then gave the opportunity for the shareholders to question or make comments on other matters, and the following questions and clarification were made:

- 1) **Mr. Kraiwal Kadavanich:** Normally the share price of a large company may not reflect its business performance, but rather more purchase demand will make the share price increase. Inflow of foreign capital is advantage for Lao people. However, when foreigners

open bank accounts in Laos, the bank rejects issuing to them ATM cards or BCEL One subscription as they do not hold work permits. This makes foreign customers unable to monitor their money, and this requires reconsideration why the bank operates that way.

- The expired credit cards, BCEL replaces the without charges, while for ATM cards BCEL will charge 50% of issuing fee. If the customers can keep the cards for 5 years, it has already been a long period of time and it would be a positive reputation if BCEL can replace the cards without fees.
- Additionally to BCEL's card matters, BCEL is outstanding in making the advertisement available for the customers. However, the advertisement on website is still limited and not current. The customers visiting the websites are those who want to approach the bank and this requires attention as some of the products still lack advertisement such as JCB cards;

➤ **Mr. Phoukhong Chanthachack** clarified that: Foreign investors buying shares consist of 2 categories: 1. Those who request for bank accounts will be considered by BCEL basing on BCEL's KYC policy. If the customers have saving accounts, they may apply for ATM cards or other services. 2. Saving accounts for share purchase shall comply with regulations issued by Lao Securities Exchange and Lao Securities Commission Office and these accounts have certain limitation other than normal saving accounts. The shareholders may seek more information from the relevant organizations (such as Securities Company).

➤ Regarding fee collection issues, BCEL complies with its policy. In general, this is for compensating the cost of the cards. Whether BCEL will have waiver policy or otherwise, it is subject to prior and proper consideration.

2) **Mr. Keotadam Manolom:** proposed that shareholding shall have a written certificate.

- BCEL's plan for the year 2019 targets the profit before tax of 565 billion LAK and if compared with the figure in the year 2018 the profit will increase about 20%. What factors will help make the plan achievable?

➤ **Mr. Phoukhong Chanthachack** informed that: purchase of shares is recorded in details by the system of the Lao Securities Exchange and if required, the shareholders may coordinate for the information.

➤ Regarding BCEL's profit target, it is determined basing on the previous performance, business expansion plan, fee income plan, credit management and expenditure control. In general, it has been calculated prior to setting the target and BCEL will make best efforts to achieve the plan.

3) **Mr. Suriyakone Inthavong:** ATMs of BCEL are widely used by many customers and actually withdrawals can be made via ATMs of other banks, but many users are not aware of this fact. So, they queue up to use BCEL's only.

➤ **Mr. Phoukhong Chanthachack** thanked for the comments and clarified that: in the past the switching system, Bconnex, was managed by BCEL and it was transferred into the LAPS Project of the Bank of the Lao PDR. This facility will be transformed into

Lao National Payment Network Company Limited as a legal entity and advertisement will be made more.

4) **Ms. Phonedavanh Phimsavanh:** was curious about staff recruitment method and the process undertaken by BCEL

➤ **Mr. Phoukhong Chanthachack** answered that: concerning the recruitment of employees, BCEL has internal regulations and proper process. Each division and branch is required to plan their human resource needs. Then the plan will be considered by the Planning Committee who assess the plan against the actual operation. In recruitment process, there is vacancy announcement including detailed qualifications for each position. The applicants must pass the exams and interview in order to get the total scores that determine the qualified applicants.

➤ **Dr. Bounleua Sinxayvoravong** added that: human resource is among the issues on which the Board of Directors pay particular attention. The recruitment of BCEL's employees includes job advertisement, exams and interview in order to select the applicants with good capability and quality. The selection is transparent and scores are made available for the applicants.

5) **Mr. Khen Sengmany:** appreciated that the dividend for the year 2018 is higher than previous years. However, he suggested BCEL to disclose the financial reports in an analysis way for the information of the investors and others who might be interested. The construction plan of BCEL's new building was previously approved by the shareholders' meeting, is there any progress?

➤ **Mr. Phoukhong Chanthachack:** responded that disclosure of information on the website is governed by certain regulations. BCEL has emphasized disclosure obligations. With regards to the analysis, the securities companies normally prepare this kind of report and make it available for the shareholders.

➤ Regarding the new building project, BCEL has postponed it for now due to insufficiency in BCEL's source of fund and it requires huge amount of money. For expansion of service network, BCEL mostly leases the offices. In the future should the business growth impressively and the fund is adequate, BCEL may consider proposing the new building project to the Meeting for reconsideration.

Having no further questions, the Chairman thanked the shareholders and the representatives for attending the Meeting and declared the Meeting closed at 16:00 p.m. of the same day.

Chairman of the Meeting

Dr. Bounleua SINXAYVORAVONG

Minutes Taker

Sonenalin SENGMAN