

Lao People's Democratic Republic  
Peace Independence Democracy Unity Prosperity

Banque Pour Le Commerce Exterieur Lao Public

No. 12/BOD.BCEL  
Vientiane Capital, dated 13/06/2020

**Minutes**  
**The Annual General Shareholders' Meeting of BCEL for the year 2019**

Banque pour le Commerce Exterieur Lao Public (BCEL) held the Annual General Shareholders' Meeting for the Year 2019 (hereinafter called: "The Meeting") from 14:30 to 16:00 on the 29/05/2020 in the Grand Ballroom of Landmark Mekong Riverside Hotel, Vientiane Capital, presided over by Dr. Bounleua SINXAYVORAVONG, Chairman of BCEL's Board of Directors, together with members of the Board of Directors. The Meeting was attended by 62 shareholders, 234 proxies and the number of shares attending the meeting was 171.437.346 shares, including 5.597.955 shares via proxies, which is equivalent to 82,532% 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 36.285.954 shares, equivalent to 17,468% of the total shares of BCEL.

The Chairman of the Meeting informed the Meeting about the rules in the Meeting and the procedures of voting. After that the Meeting proceeded with each agenda by order.

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

**Agenda 1: To consider and approve the minutes of the Annual General Shareholders' Meeting for the Year 2018 and the report on the implementation of the meeting resolutions.**

Mr. Phoukhong Chanthachack, BCEL's General Managing Director, presented key details of the minutes and reported the implementation progress of the resolutions of the Shareholders' Meeting held on the 26/04/2019.

The Chairman of the Meeting encouraged the Meeting to have comments, but there were no comments.

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

- Approved: 171.437.346 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 2: A brief report on the operation highlights of BCEL for the year 2019.**

Mr. Phoukhong Chanthachack, BCEL's General Managing Director, reported to the Meeting on the business operation of BCEL for the year 2019.

After that, the Chairman of the Meeting encouraged the Meeting to have comments, but there were no comments.

There is no voting required for this agenda.

**Agenda 3: To consider and approve the business performance results of BCEL for the year 2019.**

Mr. Phoukhong Chanthachack, BCEL's General Managing Director reported on the business performance results for the year 2019 in accordance with IFRS separate financial statements audited by Ernst and Young Company Limited as follows:

- Assets/liabilities: 46.547.208 million LAK, equal to 108,9% of the year 2019 plan
- Loans: 26.987.990 million LAK, equal to 104,5 of the year 2019 plan
- Deposits: 40.004.656 million LAK, equal to 112% of the year 2019 plan
- Profit before tax: 430.486 million LAK, equal to 76,2% of the year 2019 plan
- Profit after tax: 329.482 million LAK, equal to 75,5% of the year 2019 plan

After that, the Chairman of the Meeting encouraged the shareholders to ask questions and there were questions and clarification as follows.

- ❖ **Mr. Phongsavath Leunam from Lao-China Securities Company:** The financial report proposed to the Meeting for approval was the audit report in accordance with IFRS Separate or consolidated financial statements; It was showed that the business result in 2019 had a growth in assets, loans, deposits and other significant ratios but why the profit was below the plan.
- ☞ **Mr. Phoukhong Chanthachack:** The financial report proposed for approval was the audit report in accordance with IFRS separate financial statements of BCEL. The audit report in accordance with IFRS consolidated financial statements was in progress which BCEL shall propose to the Board of Directors after audit completion.
- For the business performance results of BCEL in 2019, the figures of assets, deposits and loans exceeded the plan. The profit before loan provision and impairment was also more than the plan. However, due to the difficulty of national economy in the previous year which had an impact on loan customers, loan provisions and impairment had to be made in significant amount and this led to the decrease in the profit at the end of the year 2019 and could not meet the plan.
- ❖ **Mr. Suriyakone Inthavong:** In the financial report 2019, the comparison between the profit of Quarter 3/2018 and Quarter 3/2019 showed that the profit of Quarter 3/2019 was higher than the profit of Quarter 3/2018. Then in Quarter 4/2019, the profit dropped. What strategy was undertaken by BCEL that led to an increase in expenses?
- ☞ **Mr. Phoukhong Chanthachack:** In Quarter 4/2019 BCEL booked loan provisions and impairment in accordance with the regulations, which the value was high and led to the decrease in the profit.
- ❖ **Mr. Buth Ang, CEO of Canadia Bank Laos:** The profit after tax for the year 2019 as attached to the document of the shareholders' meeting for the year 2019 was net of loan provisions and impairment loss or not?
- ☞ **Mr. Phoukhong Chanthachack:** The operation result in 2019 was the profit figure after the deduction for the loan provision and impairment loss and taxation to the government according to the regulations.

After that, the Chairman of the Meeting asked the shareholders to vote on this agenda.

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

- Approved: 171.437.346 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 dividend for 2019.**

Mr. Phoukhong Chanthachack, General Managing Director of BCEL reported on the business performance after expenses on taxes and reserves according to the regulation. The total dividend was in amount of 168.87 billion LAK, equal to 813 LAK/share and the payment of the dividend shall be done within 10 business days after this meeting.

After that, the Chairman of the Meeting encouraged the shareholders to ask questions and there were questions and clarification as follows.

- ❖ **Mr. Khamxay Bounmisidavong:** asked how the dividend for BCEL's shares was calculated from the profit of BCEL.
- ☞ **Mr. Phoukhong Chanthachack:** According to the commitment that BCEL made to the shareholders, BCEL shall distribute no less than 50% of the profit after tax. BCEL had to deduct the profit for the reserves according to the regulations including the compulsory reserve, the retained earnings and the business expansion fund for the development of BCEL. The remaining amount shall be shared with the shareholders which was no less than 50%.
- ❖ **Mr. Palakorn Chanbanyong:** Why did the dividend for the year 2019 decrease when comparing to the previous year?
- ☞ **Mr. Phoukhong Chanthachack:** In 2018, BCEL was able to achieve the profit over the plan, but in 2019, due to the Macro-economic situation, BCEL was unable to achieve the targeted performance. However, the bank has tried its best to make the profit and considered the dividend rate of 813 LAK/share which was at a good level and not a big drop from the previous year.

After that, the Chairman of the Meeting asked the shareholders to vote on this agenda.

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

- Approved: 171.437.346 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 year 2020 plan of BCEL.**

Mr. Phoukhong Chanthachack, General Managing Director of BCEL proposed the Meeting to consider and approve the plan for year 2020 compared to the year 2019 separate financial statements in accordance with IFRS as follows:

- Total assets increased by: 7,0%,
- Total deposit increased by: 7,7%

- Total loan increased by: 5,2 %,
- Profit before tax: 357 billion LAK decreased by 17,1%.
- Plan to recruit new staff for overall BCEL network of 166 people,
- Service Expansion plan: to establish 12 new service units in overall the country.
- The plan to use the fund for equipment supply, construction and repair: 360,79 billion LAK and the stuff to be booked as fixed assets in amount of 312,44 billion LAK.

After that, the Chairman of the Meeting encouraged the shareholders to ask questions and there were questions and clarification as follows.

❖ **Mr. Keotadam Manolom:** In the plan for the year 2020, BCEL will expand more service units and increase number of staff which is a different strategy from the other banks that are moving toward online banking. How will this expansion of service network impact BCEL?

☞ **Mr. Phoukhong Chanthachack:** Each year BCEL has the plan to increase the service units, but last year we did not extend the service as the plan. Therefore, we shall continue in 2020. The expansion of the service unit will entail the cost of decoration and increase the number of staff. However, with the expansion of the service network, BCEL will have a wider customer base. While BCEL now has a variety of online products, there are still the customer groups who want to do the service at the counters and more service network expansion is needed. Hence, the expansion of the service units in parallel with the development of electronic banking products shall help meet the need of the customers.

❖ **Mr. Suriyakone Inthavong:** In 2020, there will be difficulties in many areas and with the spreading of the COVID-19, many businesses have been affected and for banks there will also be impacts on the loans and deposits. What shall BCEL prepare for the situation in order to reduce the expenses and increase more incomes to compensate for the declining revenue as in 2020 BCEL is having a plan to recruit more staff?

☞ **Mr. Phoukhong Chanthachack:** In 2020, there are difficulties in many areas and the spreading of the COVID-19 is having effect on the world and domestic economies. The plan made by BCEL for the expansion of the service units and the recruitment of staff were just the initial plan. The actual implementation, especially in procurement and staff recruitment, will be based on the necessity only. BCEL shall try our best to minimize unnecessary expenses and strive in many aspects to achieve the targeted performance.

➤ **Mr. Bounleua Sinxayvoravong:** The year 2020 is the difficult year. We are not sure when the COVID-19 will end and for how long we will lock down our country. However, according to the regulations, BCEL needs to have the targeted figures to propose this Meeting for consideration and approval which have been researched and discussed since the beginning of the year. As of 30/04/2020, the loan customers reported to be affected by COVID-19 have already accounted for about 22% of the total loan amount and it is expected that the number will increase. BCEL has issued an easing policy for the effected

customers based on the actual evaluation. Previously, the management of BCEL at all levels has focused on operation in each area and the Board of Directors will work closely with the executive management of BCEL in order to implement the established plan as good as possible.

- ❖ **Ms. Chamaporn Paiboonvorachat:** As BCEL has the plan to increase number of staff and service units, has the expectation on the results of each area been made?

☞ **Mr. Phoukhong Chanthachack:** The expansion of the service units is expected to grow the deposit customer base. BCEL has also focused on the development of the various services to achieve modernization closed to international players. The plan was set as the estimated numbers, but the actual implementation is subject to the actual need. The recruitment of the staff might not be made in full number as planned.

After that, the Chairman of the Meeting asked the shareholders to vote.

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

- Approved: 171.437.346 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 2020.**

Mr. Phoukhong Chanthachack, General Managing Director of BCEL proposed to the meeting to consider and approve PWC to be the auditor company for BCEL's 2020 financial reports. The fee for audit and loan portfolio report and diagnostic report is 123.750 USD which increased from last year due to the company shall go through the gathering of information from the beginning (the auditing cost for 2018 and 2019 were 93.000 USD rendered by E&Y but now the time limitation for new auditor is reached). The auditing service shall include the auditing in IFRS and LAS both in Lao and English, the review of the financial report for 6 months and for the year 2020.

The Chairman of the Meeting asked the shareholders to make questions on this agenda, but no questions were made by the shareholders.

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

- Approved: 171.437.346 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 appointment of the Board of Directors (BOD).**

Mr. Phoukhong Chanthachack, General Managing Director of BCEL proposed the meeting to consider the renewal of the term of office for the current BOD for 1 more year from today meeting onward. The BOD consists of 6 existing members and 1 new member from the strategic partner, COFIBRED to replace Mr. Mac Robert with Mr. Stephane Mangiavacca according to the intention from the strategic partner. The list of BCEL's BOD is as follows:

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|---|---|
| 1. Dr. Bounleua Sinxayvoravong,           | Vice Minister of Finance  |
| 2. Mr. Khamsouk Sundara,                  | Independent person  |
| 3. Mr. Phoukhong Chanthachack,            | General Managing Director of BCEL                                 |
| 4. Mr. Phouthakhanh Khanhty,              | Deputy Director General of the National Treasury                  |
| 5. Assoc.Prof. Dr. Phouphet Kyophilavong, | Vice-Dean of the Faculty of Economics and Business Administration |
| 6. Mr. Viengsouk Chounthavong,            | Deputy Managing Director of BCEL                                  |
| 7. Mr. Stephane Mangiavacca,              | Representative of the Strategic Partner (COFIBRED)                |

The Chairman of the Meeting asked the shareholders to make questions on this agenda, but no questions were made by the shareholders.

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

- Approved: 171.437.346 votes, equivalent to 100% of the total votes attending the Meeting.
- Disapproved: 0 votes, equivalent to 0% of the total votes attending the Meeting.

After the Meeting went through all agenda as given above, the Chairman of the Meeting provided the opportunity to the shareholders to question about other matters and there were some questions and clarification as follows:

❖ **Mr. Keotadam Manolom:** In the plan for the year 2020 which the profit reduced by 17%, was this figure from the comparison with the actual operation or the plan in 2019?

☞ **Mr. Phoukhong Chanthachack:** The drafting of the plan for the year 2020 was compared to the actual implementation in 2019.

❖ **Mr. Khamxay Bounmisidavong:** Even through 2020 is the difficult year with the spreading of the COVID-19, business performance might decrease, but would BCEL consider to increase the percentage of dividend more than 50% to maintain the same level of the dividend or more in comparison the previous year. This is because the price of BCEL's shares over the past, if compared with the value of BCEL's assets, is considerably low. BCEL's shares are the main shares attracting the share trading in the Lao Securities Exchange (LSX). For the capital to use for development and business expansion, it is proposed to mobilize via other channels such as recapitalization.

- It is proposed that the management of BCEL to set a clear strategy to align recruiting more staff and expanding more service units with the increase in profit in order to attract the more investors to purchase BCEL's shares.

☞ **Mr. Phoukhong Chanthachack:** thanked for the recommendation, all the comments are important for BCEL to improve in the future. In 2020, BCEL shall try its best to achieve the profit and return the highest benefit to the shareholders;

- Previously, the LSX has launched many campaigns to stimulate the market and to attract the investors such as the divestment of BCEL's shares held by Ministry of Finance and the activities for capital market promotion. However, in practice the decision of the investors on share trading depends on many factors which is not only about the dividend. For BCEL, we shall maintain the dividend ratio of no less than 50% of the profit after tax because the bank still needs the fund for development. Recapitalization shall be considered in the future appropriately.
- BCEL has set the vision for development that BCEL is a Strong and Modern Bank with International Standard. Therefore, in order to achieve such vision, there shall be appropriate investment along with the strategic plan for each period of time. BCEL has set the long-term strategic plan for every 5 years and this year is the last year for the implementation of the strategic plan for the year 2016-2020. BCEL is currently developing the new strategic plan which will be proposed in the shareholders' meeting in the future.

➤ **Mr. Bounleua Sinxayvoravong, Chairman of the Meeting:** thanked all shareholders for the questions and advices to BCEL.

- BCEL's management has all time focused and tried to balance the benefit of the shareholders and the growth of the bank. The establishment of the business expansion reserve is another funding strategy for the bank development in the future which enables BCEL to maintain the leading position in various aspects in the country, to maintain domination of market share in the first place and to move forward to modernization in digital banking, to adopt of BASEL II and to upgrade the core-banking system in order to sustain modernization in management, services, and international connectivity along with other development.

Having no more questions, the Chairman of the Meeting expressed his sincere thanks to the shareholders and proxies for their kind attendance and declared the Meeting closed at 16:00 on the same date.

**Chairman**

**Minutes Taker**

Bounleua SINXAYVORAVONG

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