

ບົດລາຍງານປະຈຳປີ

ANUAL REPORT

2023



ທະນາຄານການຄ້າຕ່າງປະເທດລາວ ມະຫາຊົນ
BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC



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I. Key Financial Information of BCEL in accordance with IFRS (Separate)

1. Income Statement

Unit: Million LAK

Details	2023	2022	2021	2020	2019
Net interest income	1.738.189	1.270.883	752.597	1.090.203	958.756
Net fee and commission income	553.206	364.145	278.198	213.181	215.907
Net trading income	390.926	-38.154	4.084	42.236	34.749
Other operating income	445.957	121.260	180.385	37.834	116.012
TOTAL OPERATING INCOME	3.128.278	1.718.134	1.215.264	1.383.454	1.325.424
Credit loss expense of loans to customers	-2.098.555	-912.720	-649.075	-474.399	-314.919
Impairment losses on financial investments	-2.301	-	-	-39.501	-20.650
Net loss from dealing derivatives	-	-	-	-	-1.204
NET OPERATING INCOME	1.027.422	805.414	566.189	869.554	988.651
Personnel expenses	-399.534	-329.249	-305.806	-324.020	-300.612
Depreciation and amortization	-93.616	-112.823	-81.350	-77.007	-71.619
Depreciation of right-of-use assets	-8.574	-7.898	-8.040	-6.690	-6.650
Other operating expenses	-294.971	-195.263	-175.296	-182.420	-179.284
TOTAL OPERATING EXPENSES	-796.695	-645.233	-570.492	-590.137	-558.165
Share of profit and loss of associates and joint ventures	52.393	36.898	16.888	-	-
PROFIT BEFORE TAX	283.120	197.079	12.585	279.417	430.486
Current profit tax expense	-51.712	31.111	-1.175	-56.381	-101.004
NET PROFIT FOR THE YEAR	231.408	228.190	11.410	223.036	329.482

2. Statement of Financial Position

Unit: Million LAK

Details	2023	2022	2021	2020	2019
Cash and balances with Bank of the Lao PDR	31.684.143	27.786.294	19.022.276	12.836.829	9.202.045
Due from banks	21.964.355	11.855.719	9.182.845	4.355.395	4.493.536
Loans to customers	53.892.356	47.235.372	32.372.070	30.762.417	27.490.492
Financial investments	15.700.735	5.748.355	6.008.327	4.530.540	4.099.607
Property and equipment	568.104	540.325	563.503	601.572	455.721
Intangible assets	321.734	283.285	293.321	245.873	245.042
Right-of-use assets	53.500	52.028	55.713	57.005	54.814
Deferred tax assets		116.520	61.030	37.015	34.521
Other assets		875.117	677.906	470.734	471.430
TOTAL ASSETS	126.433.759	94.493.015	68.236.991	53.897.380	46.547.208
Due to banks and other financial institutions	9.463.117	6.639.183	5.269.436	3.482.800	4.063.635
Due to customers	109.471.717	80.994.071	57.169.169	45.043.495	36.419.928
Borrowings from other banks	4.378.394	4.105.783	3.354.623	2.962.101	3.705.378
Current tax liabilities	27.454	21.907	-	23.726	41.309
Lease liabilities	29.285	26.553	29.595	23.059	14.249
Other liabilities	486.128	347.558	282.022	222.197	210.577
TOTAL LIABILITIES	123.856.095	92.135.055	66.104.845	51.757.378	44.455.076
Charter capital	1.038.617	1.038.617	1.038.617	1.038.617	1.038.617
Statutory reserves and other reserves	911.701	836.635	831.667	753.399	604.423
Remeasurement of post-employment benefit reserve	18.107	9.040	11.416	-12.616	-
Retained earnings	609.239	473.668	250.446	360.602	449.092
TOTAL EQUITY	2.577.664	2.357.960	2.132.146	2.140.002	2.092.132
TOTAL LIABILITIES AND EQUITY	126.433.759	94.493.015	68.236.991	53.897.380	46.547.208

3. Some Financial Indicators (Separate)

Unit: Million LAK

Details	2023	2022	2021	2020	2019
Net interest income/Total assets	1,37%	1,34%	1,10%	2,02%	2,06%
Net interest income/Assets related interest	4,89%	5,89%	6,05%	5,21%	5,29%
Interest expenses/Liabilities related interest	2,34%	2,50%	2,99%	3,39%	3,49%
Fee and commission income/Total operating income	29,57%	29,91%	26,16%	17,30%	18,57%
Operating expense/Total operating income	25,47%	37,55%	46,94%	42,66%	42,15%
ROA	0,18%	0,24%	0,02%	0,41%	0,71%
ROE	8,98%	9,68%	0,54%	10,28%	15,75%
Loans/Deposits	44,38%	49,33%	48,67%	60,90%	67,47%
NPL/Total loans	1,92%	3,36%	3,85%	2,96%	2,94%
Earnings per share (LAK)	1.114	1.099	55	1.074	1.558
CAR	4,91%	6,29%	7,37%	8,55%	10,51%

	2023	2022	2021	2020	2019
Net Profit		228.190	11.410	223.036	329.482
Total Asset/Liabilities	126.433.759	94.493.015	68.236.991	53.897.380	46.541.455
Loans	52.198.063	42.808.801	30.080.974	29.216.946	26.987.990
Deposit	117.626.838	86.782.335	61.802.739	47.974.516	40.002.840

II. Key Messages From The Management

1. Message From The Chairman Of The Board Of Directors



Ladies and gentlemen,

It is my distinct honor to convey the pivotal message on behalf of the Board of Directors (BOD) of BCEL as presented in the 2023 annual report. Our esteemed BOD currently comprises 9 members, including 4 independent directors, 3 non-BCEL executives, and 2 BCEL executives. This configuration underscores a meticulously structured board that rigorously adheres to all pertinent regulations and standards.

As of 1 October 2023, our BOD remains constituted with 8 members following the retirement of Mr. Viengsouk Chounthavong, Deputy Director of BCEL who is also a member of the BOD. His retirement marks the conclusion of his tenure within the BOD.

The BOD has established 4 vital committees under its purview: the Governance Committee, the Internal Audit Committee, the Risk Management Committee, and the Nomination & Remuneration Committee. Each committee comprises 3 BOD members entrusted with specific responsibilities aimed at evaluating relevant matters and providing oversight to executive management across diverse operational domains.

Throughout 2023, the BOD diligently discharged its duties by steering and supervising executive management in the implementation of resolutions adopted during shareholders' meetings. Over the year, the BOD convened a total of 5 meetings, including 4 ordinary meetings and 1 extraordinary meeting. Additionally, the 4 BOD committees convened 14 meetings in accordance with demand and regulatory practices. In each meeting, the BOD played a pivotal role by deliberating and approving numerous matters such as appointments of senior officers. Furthermore, the BOD actively reviewed and approved corporate loans, exercising its approval authority over these loans to ensure their security and quality based on credit risk management principles. Moreover, the BOD provided guidance to the BCEL management team across various operational domains.

While 2024 presents economic challenges in various sectors, I am steadfast in my belief that the BOD, the management team, and all BCEL personnel will persevere and concentrate efforts towards realizing the objectives and vision of BCEL, thereby fortifying BCEL's position as a strong and modern bank with international standards.

Yours sincerely,

Chairman of BCEL's Board of Directors



Bounpone VANNACHIT

2. Message From The Managing Director



Dear beloved shareholders and esteemed customers,

I extend my heartfelt gratitude to all readers for your kind attention to news and updates from BCEL.

Throughout 2023, the global economic landscape faced unprecedented uncertainty and challenges, exacerbated by conflicts impacting world economies. Locally, our financial and foreign currency environments encountered various difficulties, including increased inflation rates and significant fluctuations in exchange rates, among others. These adverse conditions had a substantial impact on BCEL's business operations.

In response to these challenges, the BCEL Management Team swiftly implemented measures to enhance business performance and control expenditures. Key initiatives included:

1. Prioritizing lending to corporate customers with reliable income streams (e.g., purchase agreements), including those engaged in government-stipulated projects such as manufacturing for exports and import substitution.
2. Intensifying efforts to resolve Non-Performing Loans (NPLs) through appropriate methods and conditions to gradually reduce their impact.
3. Providing comprehensive training to credit staff across all branches and the Head Office on collateral appraisal techniques to ensure accurate assessment of collateral value.
4. Vigilantly monitoring loan customers, conducting site visits, and overseeing collateral to mitigate risks and prevent NPLs.
5. Strategic repositioning of senior staff to reinforce the organizational structure, coupled with leadership training for executive-level personnel.
6. Continual enhancement and modernization of banking services to meet evolving customer needs in a highly competitive landscape, emphasizing speed, reliability, and accountability. Improvements in service delivery and customer experience are a top priority.
7. Implementing stringent procurement and asset acquisition policies, prioritizing essential acquisitions while rejecting or deferring non-essential purchases to save costs and promote efficiency.

In addition to these focused initiatives, the BCEL Management Team has assigned directors to oversee divisions and branches regularly, fostering leadership and driving business accomplishments. Recognizing the economic challenges faced by employees, the Board of Directors has amended benefit policies to alleviate living costs, fostering stability, trust, and improved performance among staff.

These strategic measures and effective management have yielded favorable business outcomes, surpassing our set targets and enabling BCEL to announce higher dividends compared to the previous year.

I extend my sincere appreciation to our dedicated management team at all levels, esteemed customers for their trust and patronage, and our diligent staff for their hard work, intelligence, and dedication that contributed to BCEL's remarkable achievements in 2023.

Looking ahead to 2024, we anticipate various challenges, but rest assured, the management team and all staff are committed to achieving our set objectives and delivering optimal results for our organization and shareholders.

Cordially Yours,
Managing Director of BCEL



Saysamone CHANTHACHACK

3. Message From The Audit Committee



The Audit Committee comprises 3 members of the board of directors, including 2 independent directors and 1 non-executive director. This structure effectively ensures the committee's independence in fulfilling its functions, which include directing audit work, policymaking, considering and selecting independent audit firms, and coordinating with external audit agencies and relevant government offices. These efforts are aimed at ensuring BCEL's financial transactions and operations comply with laws, regulations, and accounting standards.

Throughout 2023, the Audit Committee held regular meetings as stipulated in BCEL's regulations. The Committee diligently reviewed audit reports from various external audit agencies, including auditors from the Bank of the Lao PDR, the State Audit Organization, the Tax Department, and the audit firm designated by the Shareholders' Meeting, PwC. Additionally, the committee provided essential advice to BCEL to address recommendations made by each auditor effectively.

In summary, BCEL has adhered to accounting principles and operated in compliance with regulations. However, regarding auditors' recommendations, the committee has advised management to take necessary actions and address each recommendation accordingly. The committee received full cooperation from BCEL's management and employees throughout the implementation of its roles and responsibilities, particularly in providing access to requested information.

Furthermore, BCEL has consistently disclosed information as required by disclosure regulations, ensuring shareholders, investors, and the general public receive timely updates about BCEL's activities.

Regards,
Chairman of the Audit Committee



Sonexay SILAPHET

4. Message From The Risk Management Committee



The Risk Management Committee is composed of 3 members from the board of directors, including 2 independent directors and 1 non-executive director. This structure enables the Committee to effectively research and consider risk management mandates in BCEL as required by relevant regulations.

In 2023, the Risk Management Committee provided direction and oversight in issuing policies and regulations on risk management in BCEL. It also monitored the execution of projects and activities for Basel II adoption, which commenced in 2018. Additionally, the committee supervised the risk management functions in BCEL, ensuring that specific indicators were established for each type of risk. Generally, these indicators remained at acceptable levels.

However, some indicators fell below the acceptable level and required close attention. These included lending exposure to certain business sectors exceeding regulatory limits and the utilization of short-term funds for long-term loans. The committee advised BCEL to implement necessary measures to address these cautious indicators. As a result, there has been gradual improvement in these areas, although continued attention is necessary.

Furthermore, the Risk Management Committee provided guidance to BCEL, supervised, and approved several policies related to risk management to enhance the risk management function in BCEL in accordance with Basel II requirements and international best practices.

Yours faithfully,
Chairman of the Risk Management Committee



Assoc. Prof. Thongphet CHANTHANIVONG

5. Message From The Governance Committee



The Governance Committee comprises 4 members, including 2 BCEL executives and 2 independent directors. The Committee serves as an assistant to the Board of Directors (BOD) in monitoring and directing the Management Team and relevant divisions of BCEL to implement business plans effectively.

Throughout 2023, the Committee conducted periodic meetings to review performance reports from each division responsible for core BCEL operations such as loans, treasury, administration and finance, accounting, and research and development. It provided necessary advice and guidance to help divisions improve, overcome obstacles, and meet business plan objectives.

Additionally, the Committee played a key role in reviewing and developing essential regulations for BCEL, presenting them for approval during BOD meetings.

In parallel, BCEL held quarterly Business Performance Review Meetings (BPRM) where divisions and branches reported their performance, proposed future plans, and received guidance from the management team. These meetings fostered information sharing, problem-solving, and improved internal collaboration, contributing to smoother operational functions.

In summary, the Governance Committee's supervision and guidance at the BOD level, combined with quarterly business performance reviews at the management level, ensure BCEL's operations remain current and aligned with organizational targets.

Best regards,
Chairman of the Governance Committee



Latdavanh SONGVILAY

6. Message From The Nomination And Remuneration Committee



The Nomination & Remuneration Committee comprises three members, including one independent director who chairs the committee, one BCEL executive, and one non-BCEL executive. The committee plays a pivotal role in assisting the Board of Directors (BOD) in considering nominations for BCEL's Management and BOD positions and in monitoring the implementation of the salary and remuneration scheme for employees and managers across all levels to ensure compliance with established policy.

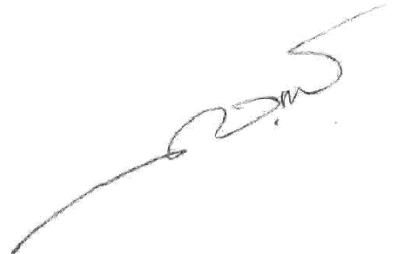
Throughout 2023, the committee diligently fulfilled its responsibilities on a regular basis. One of the essential tasks of the committee is the consideration and approval of the repositioning of some senior staff, as the BCEL senior staff repositioning from 2023 will be conducted systematically and in phases. The repositioning aims to place the right person in the right position, develop staff, and encourage learning in new job areas. Due to economic challenges and rising commodity prices, the committee worked on updating staff policies to assist employees during challenging economic times in the 4th quarter of 2023, and the staff remuneration policy update in 2024. Moreover, the committee has been involved in the selection of a new BOD member to replace the retiring member.

The repositioning was made in accordance with business operational needs and decisions by relevant authorities. The amendment of the staff benefits policy was based on factors such as the increase in the price of goods and the prevailing economic situation.

In 2023, the remuneration for BOD members was consistent with regulations and the scope agreed upon by the Shareholders' Meeting. Similarly, the remuneration for BCEL's employees and executives, including salary and benefits, was also compliant with regulations.

Yours sincerely,

Chairman of the Nomination and Remuneration Committee



Kamsouk SUNDARA

III. About Banque pour le Commerce Exterieur Lao Public

1. Establishment and history of growth

1.1. Establishment

Banque Pour Le Commerce Exterieur Lao Public (BCEL) was established in accordance with the Decision on Bank Establishment No. 129/BOL dated 01 November 1989 issued by the State Bank (The Bank of the Lao PDR today). At that time “Banque Pour Le Commerce Exterieur Lao” was the name of BCEL. The origin of BCEL, however, commenced in 1975 when Lao PDR was established. During 1975-1989, BCEL started from being a Division of the State Bank, in charge of international settlement, loans and foreign aid management. Responding to the new economic mechanism of the Party and the demands of businesses in new era, the government has agreed to transform BCEL into a full state-owned commercial bank on 1 November 1989 as per the said Decision of the State Bank.

The transformation has been the significant commencement of comprehensive banking business operation of BCEL, which has a variety of banking services such as deposit, loan, letter of credit, collection, and domestic and international settlement. This was the crucial condition that made BCEL developed gradually and became a strong state-owned commercial bank and achieved all criteria and conditions as the first commercial bank to be listed in Lao Stock Exchange. On 23 December 2010 BCEL accomplished IPO and renamed to Banque Pour Le Commerce Exterieur Lao Public according to the Enterprise Registration License No.0061/ERO dated on 10 January 2011 issued by the Department of Enterprise Registration and Management, Ministry of Industry and Commerce of the Lao PDR. The Ministry of Finance representing the Government held 80% of the total shares.

On 15 July 2011, the Ministry of Finance sold 10% of the total ordinary shares to its strategic partner named Compagnie Financière de la BRED (COFIBRED) which is a subsidiary of BRED, the largest banking society in the Banque Populaire Group—a French group of cooperative banks.

In 2017, BCEL succeeded the recapitalization by public offering and right offering to the existing shareholders in accordance with a permission granted by the Lao Securities Commission Office on 17 August 2017. This made BCEL increase its registered capital in the amount of 355.728.500.000 LAK (71.145.700 shares) according to the certificate from the Lao Securities Exchange No. 01/LSX, dated 15 September 2017. Accordingly, the BCEL’s registered capital was increased from 682.888 to 1.038.617 million LAK.

In order to develop BCEL further, the government has offered more room for the general public and investors to jointly own BCEL by reducing the government shares in BCEL and offering to the public and the existing shareholders. On 11 October 2019 the Lao Securities Commission Office granted a permission for this offering. On 29 November 2019, the Lao Securities Commission Office issued certificate endorsing the offering completion of 10% of BCEL’s shares.

1.2. Registered Capital

The registered capital of BCEL as at 31 December 2023 was 1.038.617 million Kips (1.038.617 million Kips as at 31 December 2022).

1.3. Shareholders Structure

The shareholders structure of BCEL as at 31 December 2023 was the following:

Shareholders	Number of shares	Percentage
Government (represented by the Ministry of Finance)	124.634.021	60%
Strategic Partner (COFIBRED)	20.772.359	10%
Local Investors (including employees of BCEL) and Foreign Investors (*)	62.316.920	30%
Total	207.723.300	100%

(*) Each individual person or entity is allowed to hold a maximum of 2% of the total shares.

1.4. Principal business

The principal activities of BCEL are to provide banking services including fund mobilization and deposit-taking for short-term, medium-term, and long-term from organizations and individuals. The bank also provides loans for short-term, medium-term, and long-term to business units and individuals based on the loan purposes and the capability of the bank in lending; foreign exchange transactions, international trade financial services, purchase discounts of trading instruments, bonds and other valuable documents and other banking services allowed by the Bank of the Lao PDR.

1.5. Location and Network

BCEL's Head Office is situated at No. 01, Pangkham Street, Ban XiengNheun, Chanthabouly District, Vientiane, Lao PDR. As of December 31, 2023, the bank operates 01 Head Office, 06 joint venture companies, 20 branches, 99 service units, and 12 exchange units across the Lao PDR.

2. Vision

BCEL has adopted a vision and applied to its business development to achieve its goal and objective of “becoming a strong and modern bank with international standards”.

3. Mission

In order to make BCEL a strong and modern bank moving toward international standards, the key missions of BCEL include development of strong corporate governance by focusing on: development of banking services which embraces changes in each period of time; creation of a strong culture of risk management and compliance with the BASEL II principles; increase in business operation capacity; creation and development of a capable, comprehensive, accurate and punctual management information system (MIS); utilization of modern technology; and upgrade of knowledge and expertise of the employees as of regional and international levels.

4. Core Values

BCEL firmly maintains 5 core values below:

1. Customer centrisim;
2. Integrity;
3. Work effectiveness;
4. Embracing changes;
5. Social responsibility.

5. Associates and joint ventures:

As of 31 December 2023 BCEL have investment in the following associates and joint ventures:

No.	Name of company	Business	Location	Share of BCEL	Other shareholders
1	Lao Viet Joint Venture Bank Lao PDR	Banking	Lao PDR.	25%	- BIDV 65% - Souk Houg Heang 10%
2	Lao Viet Insurance Company	Insurance	Lao PDR	35%	BIC (Vietnam) 65%
3	Banque Franco-Lao	Banking	Lao PDR	30%	COFIBRED 70%
4	BCEL-KET Securities Company	Securities	Lao PDR	70%	KTZMICO 30%
5	Lao China Bank	Banking	Lao PDR	39,87%	FUDIAN BANK 51%
6	Lao National Payment Network Company Limited	Electronic payment system	Lao PDR	20%	1. Bank of the Lao PDR 25% 2. UnionPay International 15% 3. Lao Development Bank 10% 4. Agriculture Promotion Bank 10% 5. Joint Development Bank 5% 6. Lao Viet Joint Venture Bank 5% 7. ST Bank 5% 8. BIC Bank Lao 5%

IV. Economic situation in 2023 and its outlook in 2024

1. Global and Regional Economic Context

The global economy remains suffering several challenges, global growth is expected to slow down further this year. These include the soaring inflation rate in some countries has been a problem for a long time, natural disasters, the complex resulting from geopolitical and military tensions in some regions and the economic recovery from the Covid-19 pandemic. These factors affected to the global economy's growth rate decreasing from 3.5% in 2022 to 3.0% in 2023 and (in 2024 expected at 2.8%). According to the report of International Monetary Fund (IMF), Global inflation is forecast to decline steadily, from 8.7% in 2022 to 6.9% in 2023 and 5.8 percent in 2024. But the forecasts for 2023 and 2024 are revised up by 0.1 percentage point and 0.6 percentage point, respectively. Although the inflation rate tends to decrease but there are many countries especially developing countries that are still affected by the inflation rate, the key factors leading to high inflation are the oil and natural gas price are rising a strengthening USD affected to a supply-chain in many countries leading to high inflation rate.

Source: World Economic Outlook (IMF)

2. Lao Economic Performance in 2023

In 2023, the overall economic situation in the Lao People's Democratic Republic (PDR) still remains unstable. There are several factors contributing to this instability, including high inflation rates and the effects of geographical conflicts in certain regions which have an indirect impact on the growth of Lao economy. Overall, the Lao economy remains suffering a number of challenges especially public debts issue, low volume of international reserve, the depreciation of Lao KIP and high inflation rate. These challenging factors continue to apply downward pressure on growth, making it difficult to reach the target set by the National Assembly. The GDP for the entire year of 2023 is projected to grow at a rate of 4,2%, which falls short of the anticipated rate of 4,5% as outlined in the National Assembly's resolutions. IMF reported that the growth of Lao economy in 2023 is 4%.

Despite these challenges, there are still positive developments. The country's openness has attracted more tourists, and there appears to be a surge in agricultural production, notable improvements in the transportation ecosystem, including the Laos-China railway and cross-border transportation and logistics, are also contributing to economic growth. These factors are expected to draw more foreign currency into the country than in the previous year, thereby contributing to economic growth.

Table 1: Economic Growth (%)

Details	2021	2022	2023
GDP	3,5	4,4	4,2
Agriculture	2,5	3,4	3,4
Industrial	6,1	4,4	3,1
Service	1,4	5,0	5,6
Tax	3,1	3,9	3,8

Inflation and exchange rate:

Overall, in 2023 the inflation rate increases significantly at 31.2% compared to 23% in 2022. Inflation rate among restaurant and hotel increase by 35,9%, clothes and shoes increase by 33.4%, medication increase by 29.5%, household appliance increases by 25,9%, food and non-alcoholic beverage increase by 24.0%. Furthermore, there are some internal factors contributing to inflation rate such as the weakness of production-based, high production cost, and limited control of good prices are key factors influencing to inflation rate.

On average in 2023, the exchange rate of LAK/USD (commercial banks) increased by 22,86% from 16.927,00 LAK/USD to 20.796,00 LAK/USD while the exchange LAK/THB increased by 26,75% from 510,46 LAK/THB to 647,00 LAK/THB (Exchange rates on 31/01/2024 compared to those on 31/01/2023). The foreign exchange situation in Laos has been a continued challenging issue for the past several years, which reflects in the purchase of hard foreign currencies in a very limited amount and the banking system cannot provide enough such foreign currencies to its customers for their payments of international trades and services. This makes the banks face a lot of challenges in their day-to-day foreign currency management. The major portion of FOREX purchase was from international organizations and foreign companies while the purchases of FOREX from general customers was minimal because foreign exchange rates in the banking system were less attractive than those in the parallel market which remained uncontrolled even the Bank of Lao PDR officially closed exchange bureaus and previously implemented several FOREX controls measures. The gap of exchange rate between bank and parallel market rate was about 2.000-3.000 LAK/USD and 5-7 LAK/THB. As a result, the majority of customers are very likely to sell their foreign currency in the parallel market and request to buy foreign currencies from banks.

Import-export

Overall, the volume of import-export in 2023 was 12.523 USD million decreased by 16,5% compared to the previous year. The value of exports was 5.589 USD million (compared to 8.198 USD million in 2022), the value of imports was about 6.935 USD million (compared to previous at 6.808 USD million). Accordingly, the trade balance was deficit about 1.346 USD (LTP,2023). NOTE: This figure does not include the figure of import and export of electricity.

Most of export values are gold ore and bars, rubber, iron ore, salt, waste paper, copper ore, sugar and others. China is the main exporting country, followed by Thailand, Vietnam, Australia and India.

Regarding the import, the top importing values were diesel followed by mechanical equipment, vehicles, gasoline, steel and steel products. The top importing counties of Laos are Thailand, China, Vietnam, USA and Japan.

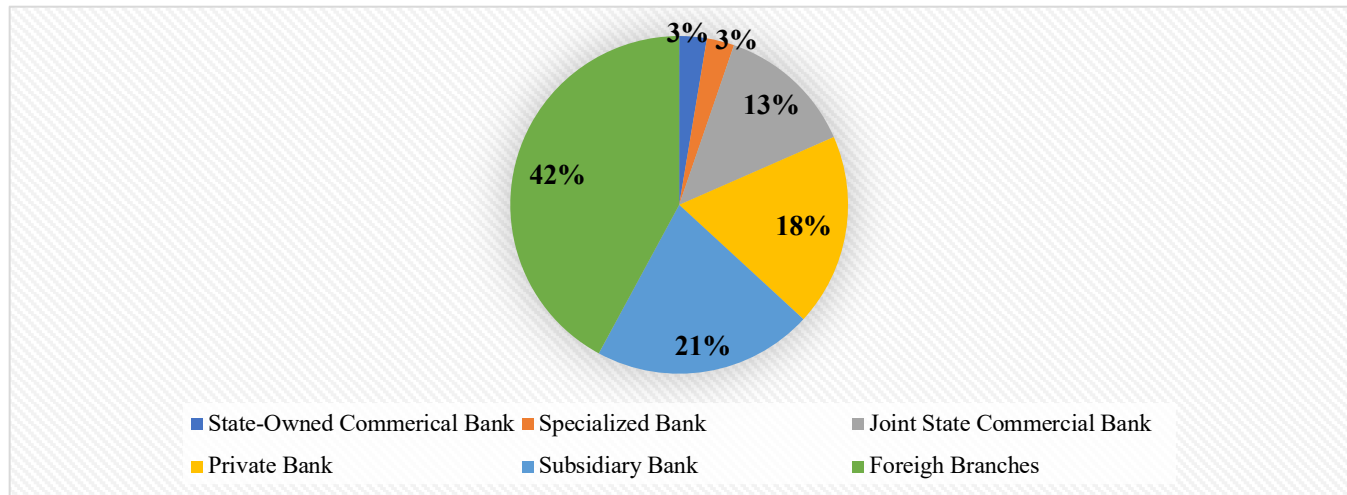
Banking Sector

Financial and banking sector grew continuously and has contributed significantly to economic growth. In 2023, there are 38 commercial banks and 1 specialized bank. Of these, 42,1% (16 branches) of foreign commercial banks, followed by commercial banking groups that are subsidiaries of foreign banks accounted for 21,1%, private banking groups 18,4%, joint State

Commercial Bank 13,2% while there is only one state-owned commercial banking group, accounting for 2,6% of total commercial bank.

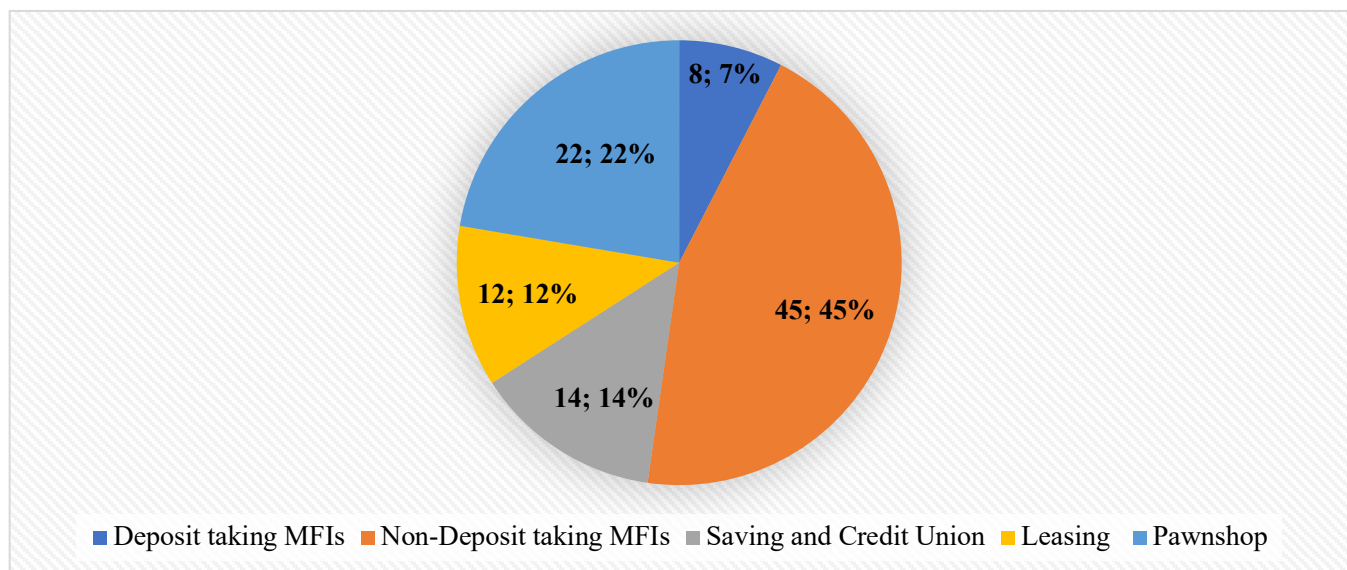
Moreover, there are also 264 micro-finance institutions that deposit and do not deposit money, including leasing companies. Of this, about 45% are non-deposit-taking financial institutions, followed pawnshop accounting for 22%, credit and savings unions 14%

Figure 1: Proportion of commercial banks in Laos (2023)



Source: Bank of Lao (2023)

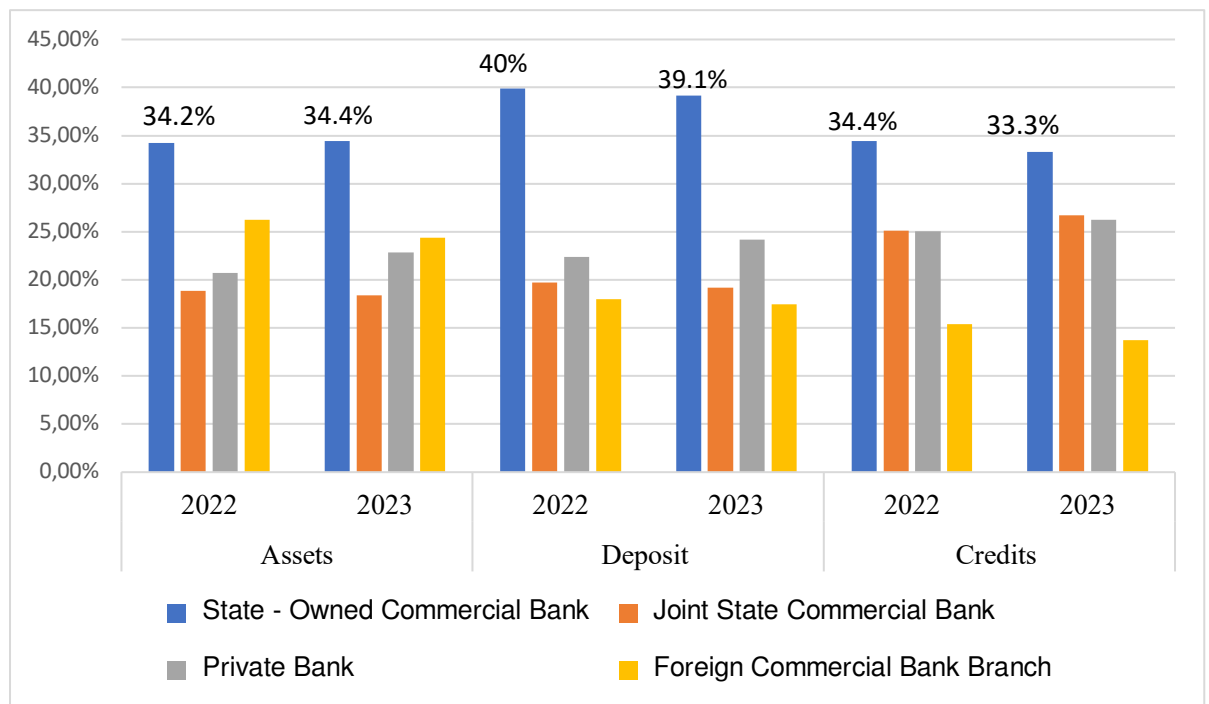
Figure 2: Proportion of financial institutions in Laos (2023)



Source: Bank of Lao (2023)

Market share of commercial bank in Laos (%)

Figure 3: Market share of commercial bank in Laos (%)



Sources: Bank of Laos 2023

Overall, State-owned commercial banks covered the largest market share in Laos. In 2023, the percentage of assets, deposit and credit covered by State-owned commercial banks accounted for 34,4% and 39,1% and 33,3% respectively, the second largest market share was a Joint state commercial bank in which credit covered by 26,7%. For assets, the foreign commercial bank branch covered 24,4% and for deposits the Private bank covered 24,2% (figure 3).

Average interest rate (% annually)

In 2023, it was observed that the deposit interest rates of LAK of commercial banking slightly increased compared to the year 2022. As for the fixed deposit in LAK for 60 months term reduced from 6,94%/year to 6,81%/year and over 60 months term declined from 10,30%/year to 8,78%/year. Moreover, the deposit interest rate of THB and USD are slightly decreased, which included the deposit interest rate in THB daily deposit account declined from 0,80% to 0.75%, for the fixed deposit in THB for 12 months term reduced from 3,21% to 3,18% and for 60 months term reduced from 6,18% to 5,87%. In USD, fixed deposit interest rate for 48 months term declined from 6,38% to 6,24% and 60 months term declined from 6,66% to 6,54%. (Table 2)

Table 2: Deposit interest rate (% annually)

	LAK		THB		USD	
	2022	11/2023	2022	11/2023	2022	11/2023
Daily Deposit Account	1.76	1.76	0.80	0.78	1.10	1.15
Fixed Deposit Account						
3 months	3.05	2.47	1.55	1.19	2.03	1.62
6 months	3.80	2.95	2.19	1.56	2.68	2.00
9 months	4.87	3.46	2.78	1.86	3.56	2.39
12 months	5.37	3.86	3.21	2.12	3.61	2.63
24 months	6.57	4.30	4.60	2.50	4.80	2.99
36 months	6.73	4.65	5.23	2.87	5.81	3.39
48 months	6.99	4.91	6.00	3.25	6.38	3.74
60 months	6.94	5.12	6.18	3.54	6.66	4.06

Source: Bank of Laos 2023,

Note: 2023 data, latest figures are up to November 2023.

For the average loan interest rate in 2023, there is a tendency to decrease in all currencies especially the short-term LAK, its loan interest rate decreased from 9,73%/year to 9,49%/year, For THB, its short- term interest rate decreased from 8,37% to 7,69% and the USD short-term, its loan interest rate declined from 8,06% to 7,57%.

Table 3: Loan interest rate (%/year)

	LAK		THB		USD	
	2022	11/2023	2022	11/2023	2022	11/2023
Short term (≤ 1 year)	9.73	9.49	8.37	7.69	8.06	7.57
Medium term (1-3 years)	10.60	9.55	9.04	7.98	8.73	7.85
Long term (3-6 years)	10.55	9.47	9.45	8.17	9.12	8.00

Source: Bank of Laos 2023,

Note: 2023 data, latest figures are up to November 2023.

3. Trends and directions for 2024

Macroeconomic situation in 2024

According to IMF's report, the global growth in 2024 is anticipate to fall at 2,8%. Although there is a tendency of low inflation rate from 7,0% in 2023 to 4,9% in 2024. Owing to the rising of interest rate by central banks, the banking sector remains vulnerable, which in early year some banks were shut down including financial institutions. Moreover, the conflict between Russia and Ukraine including a tension in many countries continue to weigh on global economic growth.

Prime Minister Sonexay Siphandone delivered a speech at the closing of the sixth ordinary session of the National Assembly's ninth legislature on 21 November 2023 that the

economic condition of Lao PDR in 2024 is expected to have an average growth of 4.5%¹, increasing from 4.2%² estimated in 2023. While the International Monetary Fund (IMF) estimates the growth of the Lao economy at 4%³. Lao economy will continue to recover step by step with the contribution from several sectors such as natural resources, energy and tourism, these are the main factors for Lao economic growth. However, macro-economy remains uncertain especially a tension in many nations resulting in the fluctuation goods prices. In addition, an increase in public debts, exchange rate fluctuations, oil price and natural gas price are rising, limited foreign currency reserves and LAK depreciation, remain have challenged the growth of the Lao economy in 2024.

BCEL's directions and Plan 2024

In 2024, the BCEL business's operation continues to faces various challenges and difficulties resulting from the slowdown of regional and global economy. In addition, the situation of macro-economy remains uncertain owing to the monetary and fiscal issues, inflation rate, exchange rate, oil price and budget deficit, which have influences to BCEL's business operation. Therefore, the key missions of BCEL in 2024 are to emphasize the development of services to be suitable for the changes of the new era; being compliant with Basel 2 principles; improving the capacity of the bank's IT system and technology which will be applied in banking services. The Management of Information Systems is also one of the key points of development, which should meet accuracy, transparency, swiftness, and compliance with international standards. Moreover, BCEL shall focus on human resource development to support the new vision of the development, which will be enhanced through the staff's expertise, and a better customer experience, and this could sustain the highest benefit for the shareholders.

¹ [Lao government targets economic growth of 4.5 pct in 2024 \(kpl.gov.la\)](https://kpl.gov.la)

² [Lao government targets economic growth of 4.5 pct in 2024 \(kpl.gov.la\)](https://kpl.gov.la)

³ [Lao People's Democratic Republic and the IMF](#)

Programs and Projects in 2024

In order to achieve the expected level of the development plan set in all aspects, all parties must pay attention to the implementation of programs and projects. In 2024, BCEL has 11 programs and 38 projects as follows:

1. Financial Management and Increase business efficiency: 5 projects.
2. Loan Management and Administration: 5 projects.
3. Human resources development to become strong and effective: 4 projects.
4. Creating risk management and enhance anti-money laundering base: 5 projects.
5. Develop corporate governance to meet international standards: 1 project.
6. IT system development and management: 6 projects.
7. Information Management and Statistical Development: 5 projects.
8. Product development and to turn to Digital Banking services: 2 projects.
9. Improvement and development of accounting system and financial reporting standards: 3 projects.
10. Development and improvement of a standardized audit system: 2 projects.
11. Project Development PCI Compliance.

V. Outstanding Business Performance of BCEL in each area

1. Overview of BCEL's Business Performance in 2023

In 2023, BCEL has achieved many outstanding tasks such as: holding the Annual General Shareholders' Meeting for the year 2022 and completed the payment of dividend at 100 LAK per share to BCEL's shareholders; holding the Ordinary Meeting of BCEL's Board for 4 times and 1 Extraordinary Board Meeting; and the review meeting on the business performance of BCEL (4 times); The Managing Director attended important meetings in Laos and outside country 8 times, especially the 23rd ASEAN Banking Conference and 51st ASEAN Banking Council Meeting under the theme of Digitalization and Sustainable Growth in Banking Sector of ASEAN: Opportunities and Challenges. The bank also reviewed the implementation of long-term strategies plan for the year 2021-2025. The bank has classified the performance of all branches and services units in 2023 and summarized the implementation of KPI to the branches for the year 2022 and determined the KPI for the year 2023. The bank sold the BOL's bond two time of the 2nd Phase (for the second and third time). Regarding the disclosure information, the bank has disclosed the annual report 2022; quarter report of the year 2023 and the report of financial statement via the website of Lao Securities Exchange and the website of BCEL.

For business cooperation with relevant partners, BCEL has cooperated with Tencent of China on the project fund transfer via BCEL to WeChat; cooperated with KEB Hana Bank, South Korea on the project Cross-Border QR Payment via GLN platform to scan at BCEL OnePay and Opening the project on Cross-Border Fund Transfer from Korea to Laos (BCEL and GLN International). The bank also signed the agreement on the student cards project with two major educational institutes: The National University of Laos and Banking Institute. The bank has cooperated with Lao-China Railway Company Limited on selling the railway tickets via LCR application, which the payment is made via BCEL One application, and cooperated with Prudential Life Assurance (Lao) Company Limited to offer insurance purchase via BCEL One;

Moreover, the bank has completed the development of IT tools and released the new products and services for the society such as: Go-Live the LOS (Loan Origination System) for credit approval process; developing several important functions, such as printing function for bank verification, an online new account opening form; developing a new system to collect the employee's information, and Fast Track function; upgrading the product and service in BCOME to integrate the fund transfer with other banks through LAPNET; developing the new function on BCEL Application: Tipme, OneX, Yuan Currency Fund Transfer via WeChat, OneCash Wallet for Foreigners, Consumer Loan; Queue booking; Function of Reserve Bonds; Currency (Exchange Market); Development of EzyKip Application for tourists to enjoy the payment via Lao QR during the Visit Laos Year 2024 and the application has officially launched in the early 2024.

For the expansion of service units, BCEL has opened 2 service units: Lao-Bao Border Service Unit in Savannakhet Branch and Golden Triangle Service Unit in Bokeo Branch. Moreover, the bank has upgraded the Thongpong Service Unit to the Vehicle Registration and Driving License Service Unit and separated Xaysomboun Service Unit from Xiengkhuang Branch to be a single Service Unit, which is now under the direct supervision of the management team. Additionally, BCEL has reopened five money exchange units for Saturday and Sunday.

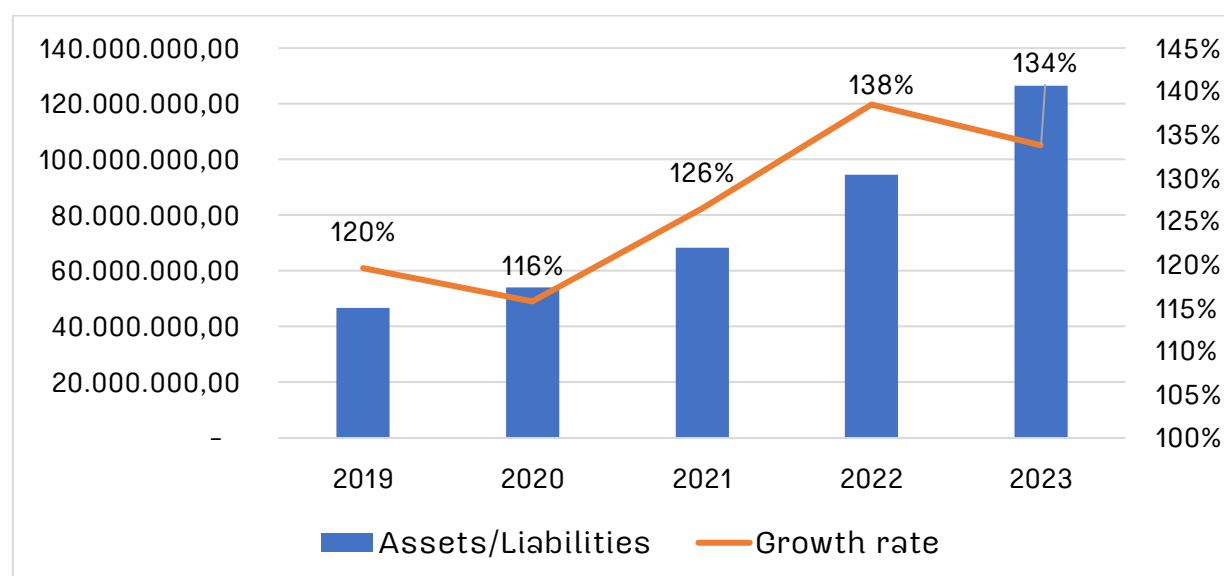
2. Assets and Liabilities

Previously, the financial status of BCEL has increased annually. As a result, the assets/liabilities value increased continuously especially the growth of loans, the investment in assets, bonds, deposits in other banks, customer's deposits, capital and reserves. In the past 5 years, it can be seen that the total value of asset/liability has grown significantly, especially in 2022 increased by 38%, and it has grown by 34% in 2023, 26% in 2021, 20% in 2019, and 16% in 2020

Table : Assets/Liabilities value in each year

Unit: million LAK

Transactions	2023	2022	2021	2020	2019
Assets/Liabilities	126.433.759	94.493.015	68.236.991	53.970.407	46.626.704



3. Fund mobilization

Fund mobilization is considered as of the important tasks of BCEL because the main source of the fund is from the deposit. Recently, BCEL has achieved an increasing volume of deposits in all type of deposits. The reasons are because of the high trust from customers and the trend on using of BCEL's electronic products has significantly increased leading to an increase in revolving fund in the banking sector and the liquidity of BCEL. This helped reduce the inter-bank borrowing from domestic and overseas institutes.

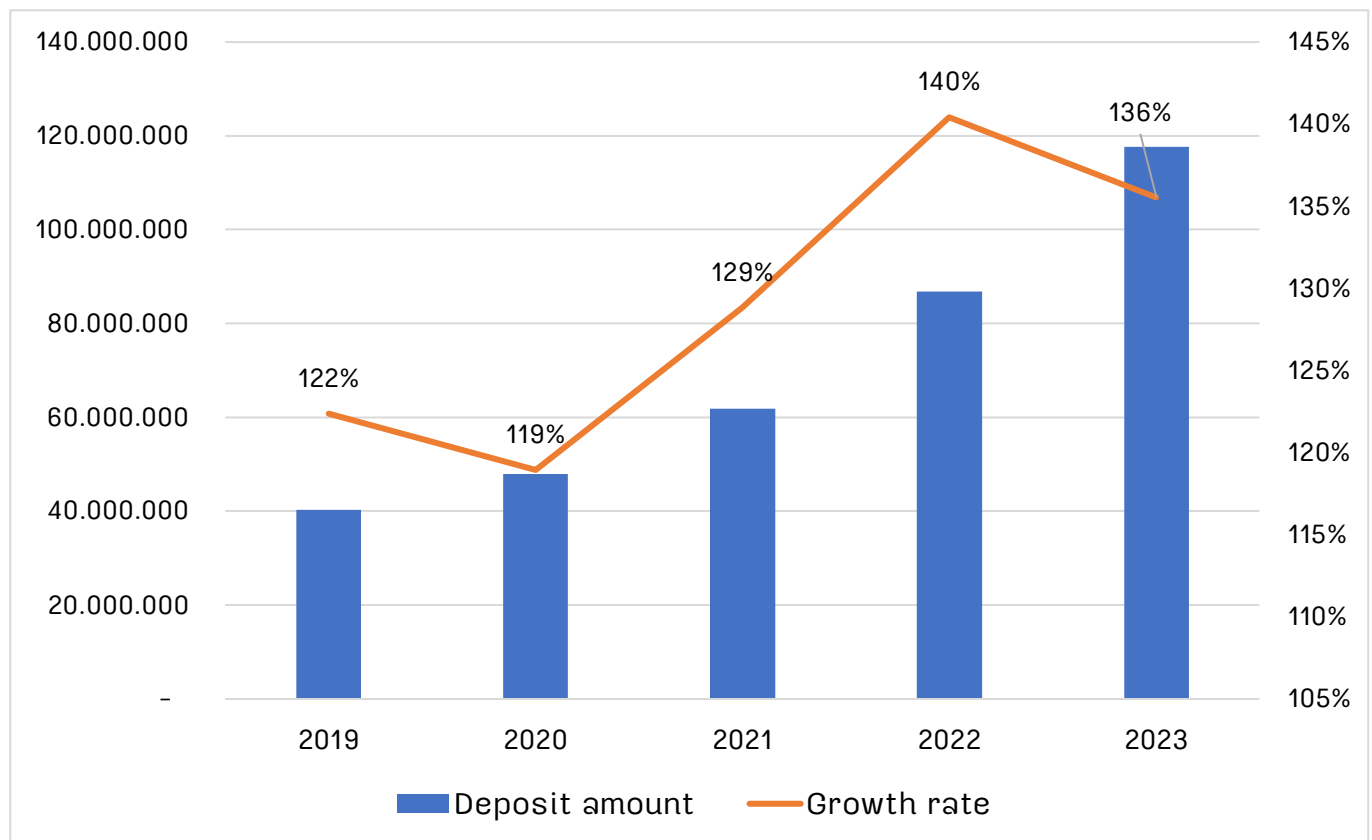
Moreover, the change in exchange rates of foreign currencies was another factor for the rise in deposit when converting into LAK. Despite of high growth rate of deposits, BCEL will continue to focus on fund mobilization in different approaches to meet the demand which has increased dramatically. The approaches can be done by studying the customer's behaviors and their satisfaction in each period; creating the convenient and prompt service to meet the needs of the customers.

For deposit structure in the end of 2023, the saving deposit accounted for 50,86%, followed by the term deposit (26,69%), the current deposit (14,26%) and deposit with other banks and institutes accounted for 8,01% and deposit as collaterals (0,18%). The detail is as follows:

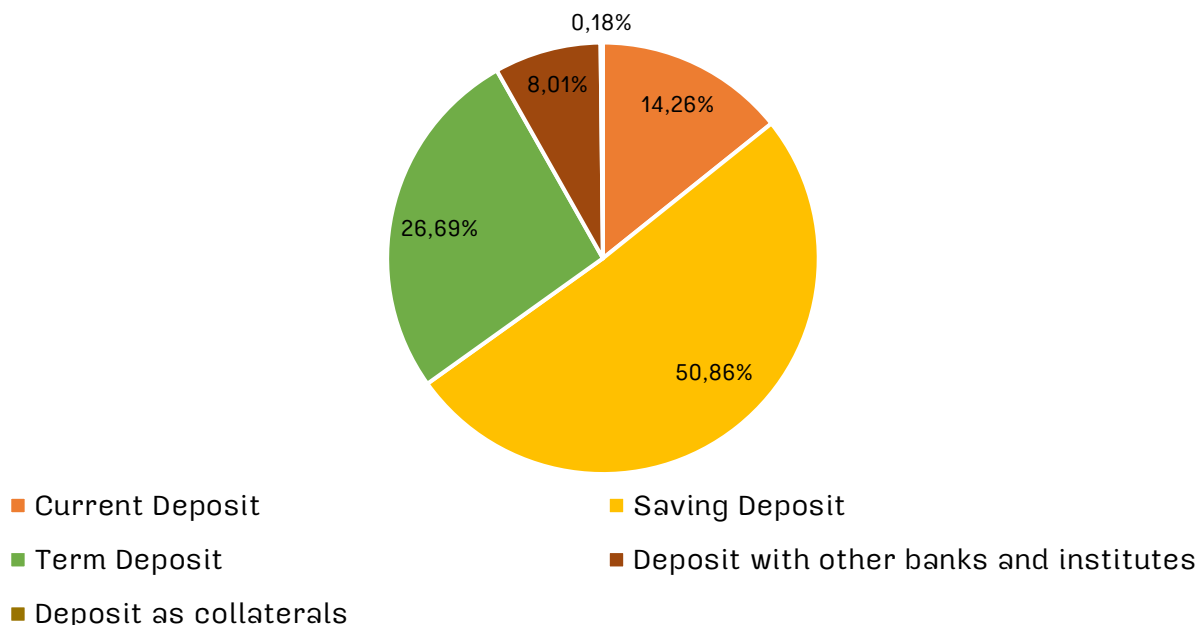
Table: Annual deposit

Unit: million LAK

Types of Deposit	2023	2022	2021	2020	2019
Current Deposit	16.773.450	10.938.271	7.627.802	6.630.559	5.851.192
Saving Deposit	59.829.971	42.874.328	28.428.750	21.324.874	16.442.065
Term Deposit	31.394.673	26.007.200	20.439.403	16.508.548	13.900.002
Deposit with other banks and institutes	9.418.490	6.591.804	5.226.879	3.445.831	4.039.127
Deposit as collaterals	210.254	370.732	79.905	64.704	104.854
Total Deposit	117.626.838	86.782.335	61.802.739	47.974.516	40.337.240



Deposit structure 2023



4. Credit expansion and management:

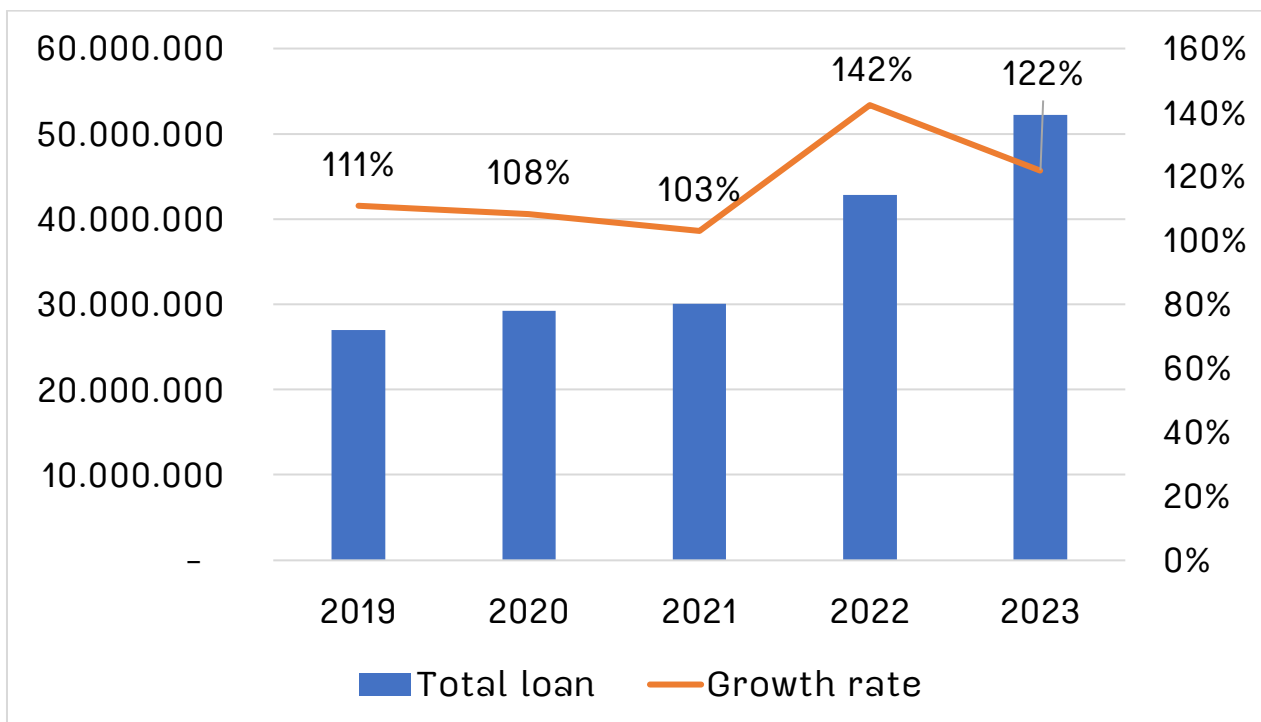
The expansion of credit has increased significantly compared with the previous year. In past year, the macroeconomic situation has recovered positively, many business sectors have resumed their business operation especially the credit customers previously affected by the outbreak of COVID-19 have resumed their business activities. Despite this, the bank continues to implement the policy for supporting the affected customers in according with BOL's policies such as delay payment on loan, interest rate and debt restructuring. The implementation has been monitored and evaluated periodically. For those loan's customers who are able to get better in their business operation, we have terminated the supporting policy in order to ensure the sustainable business operation of the bank and of the customers. Overall, the credit expansion, the revenue from interest, and credit fees trended to improve. However, the expense on loan loss provision has an upward.

The loans structure at the end of 2023 showed that the industrial sector covered 56,82%, followed by the trade sector (12,47%), the construction sector (12,17%), the service sector (10,70%), the post and telecommunication sector (4,01%), the technical equipment sector (1,95%), other sectors (1,41%), the agricultural-forest sector and the handicraft sector accounted for 0,45% and 0,01% respectively.

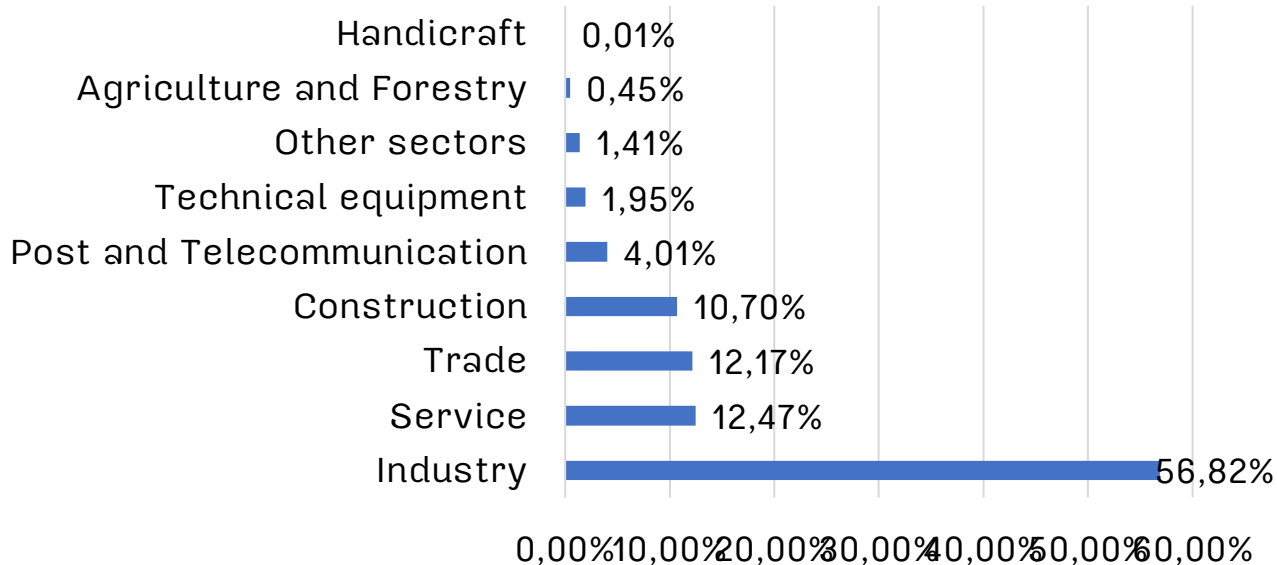
Table: Total loans by sectors

Unit: million LAK

Total Loan by Sectors	2023	2022	2021	2020	2019
Industry	29.659.421	23.252.832	16.367.536	15.005.256	14.173.290
Service	5.587.391	5.667.984	4.609.807	4.410.484	3.429.182
Trade	6.507.353	4.672.093	3.830.878	4.068.776	4.097.109
Construction	6.354.360	5.120.441	3.723.445	4.378.792	4.142.802
Post and Telecommunication	2.095.071	1.751.815	1.199.632	975.181	696.817
Technical equipment	1.017.387	1.755.682	50.507	57.873	72.882
Agriculture and Forestry	235.490	80.631	45.683	26.910	62.198
Handicraft	3.093	2.830	2.103	2.248	3.056
Other sectors	738.497	504.493	251.383	291.426	310.654
Total loan	52.198.063	42.808.801	30.080.974	29.216.946	26.987.990



Loan by sector 2023



5. Revenues and expenditures

➤ Revenues

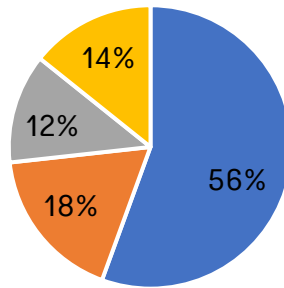
The BCEL's revenue generation in 2023 has increased in various sources, particularly the Net Income from Interest and Fees, the Net Income from Foreign Currencies Exchange and other sources of income. The income structure in 2023 revealed that the net income from interest accounted for 56% of total revenues, followed by the net income from fees covered by 18%, other incomes (14%) and the net income from foreign currencies exchange (12%).

Table: Total Annual Income

Unit: million LAK

Descriptions	2023	2022	2021	2020	2019
Net Income from Interest	1.738.189	1.270.883	752.597	1.090.203	965.593
Net Income from Fees	553.206	364.145	278.198	213.181	219.486
Net Income from Foreign Currencies Exchange	390.926	(38.154)	4.084	42.236	33.545
Other incomes	445.957	121.260	180.385	36.166	112.093
Total	3.128.278	1.718.134	1.215.264	1.381.786	1.330.717

Income structure 2023



- Net Income from Interest
- Net Income from Fees
- Net Income from Foreign Currencies Exchange
- Other incomes

➤ Operating expenses

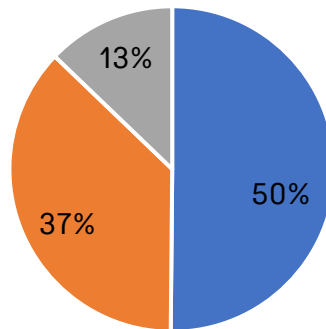
Apart from BCEL's revenue generation, there are also fixed costs associated with the administration, business operations, services, human resources and other developments towards modernization, convenience and security enhancement. For the expenditure structure in 2023, the expenditure on staffs accounted for 50%, followed by expenditure on administration (37%) and expenditure on depreciation (13%) respectively. BCEL will continue to control and reduce unnecessary expenditure in order to enhance the business operation efficiently.

Table: Total Annual Expenditure

Unit: million LAK

Description	2023	2022	2021	2020	2019
Expenditure on staff	(399.534)	(329.249)	(305.806)	(324.020)	(303.632)
Expenditure on administration	(294.971)	(195.263)	(175.296)	(182.420)	(182.001)
Expenditure on depreciation	(102.190)	(120.721)	(89.390)	(83.697)	(79.061)
Total	(796.695)	(645.233)	(570.492)	(590.137)	(564.694)

Expenditure structure in 2023



■ Expenditure on staffs ■ Expenditure on administration ■ Other

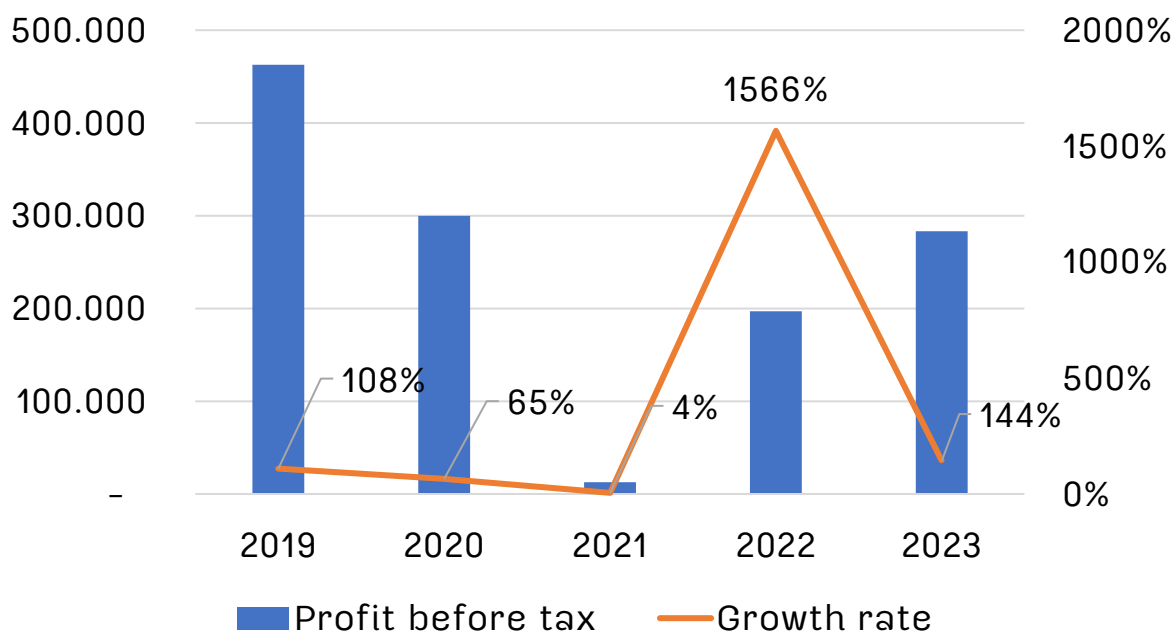
6. Profit and Loss

Due to the recovery of the macro-economic situation with the efforts of BCEL to improve the business operation, the business performance in 2023 has improved satisfactorily compared with the previous year. Accordingly, BCEL was able to achieve its goal of profit and exceed the targeted plan.

Table: Annual Profit

Unit: Million LAK

Description	2023	2022	2021	2020	2019
Profit before tax	283.120	197.079	12.585	299.594	462.762



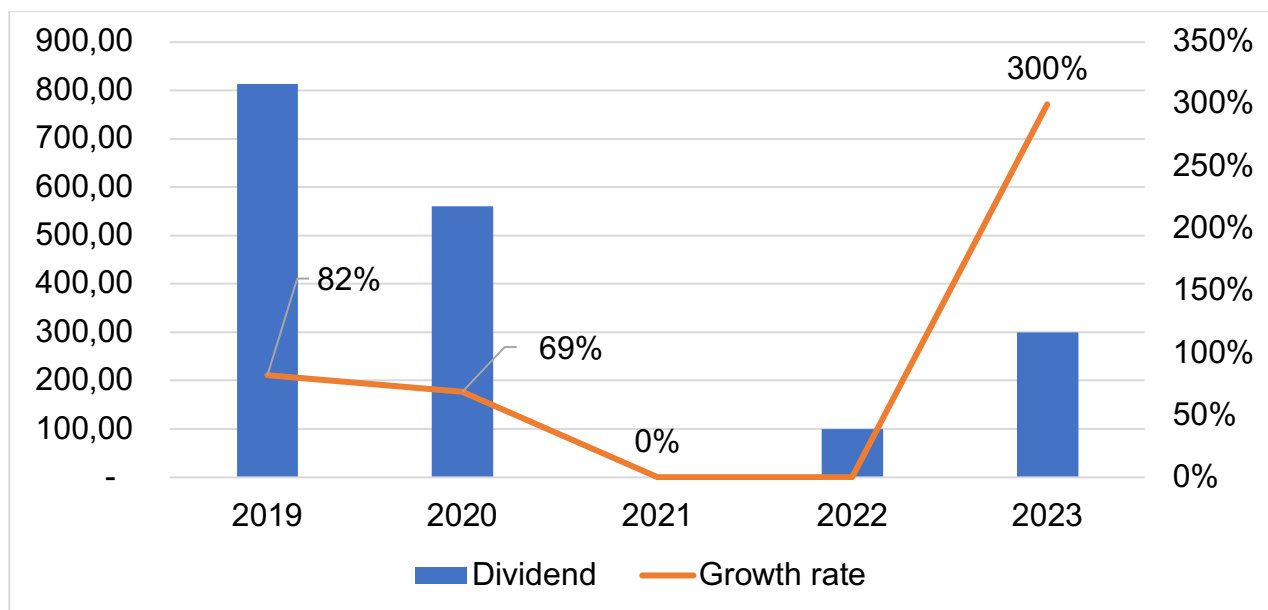
7. Dividend

In 2023, BCEL's business performance has improved compared with last year. The bank has emphasized the implementation of the business plan and developed new products for customers' choices and alternative sources of higher revenues. This is to enhance business strength, maintain benefits and create confidence for shareholders both domestic and foreign investors invested in BCEL's shares, especially the payment of dividends to shareholders every year. From the result of business operation in 2023, BCEL has offered dividend to shareholders at the rate of 300LAK/share which has increased by 3 times compared with the previous year

Table: Dividend in each year

Unit: LAK

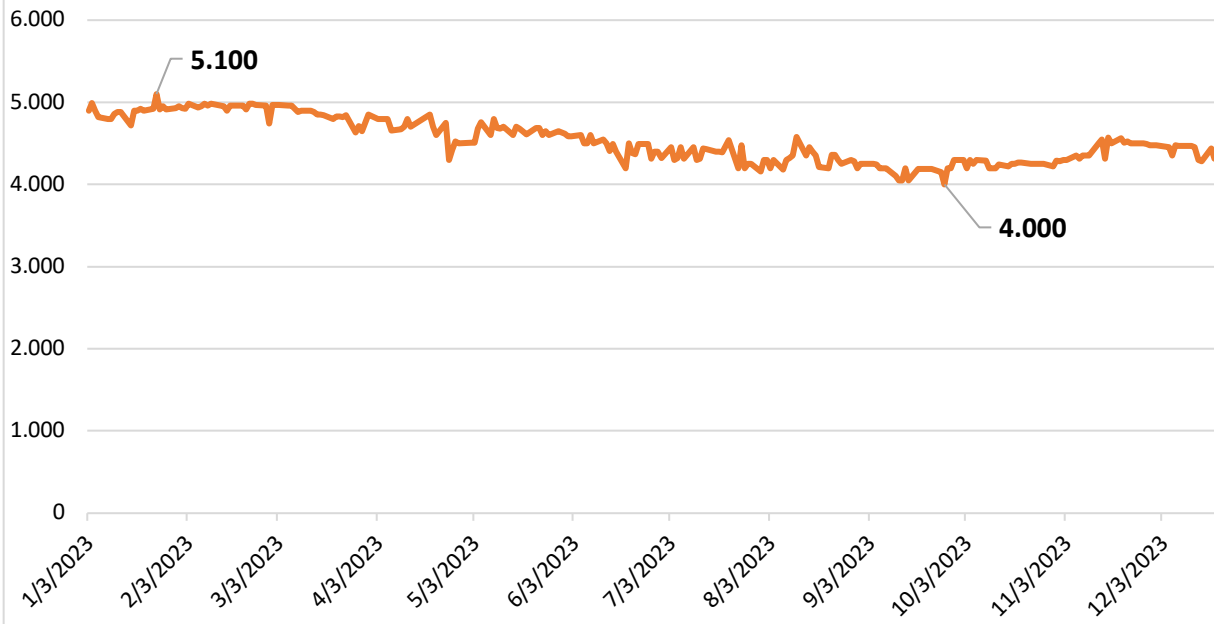
Description	2023	2022	2021	2020	2019
Dividend	300	100	0	560	813



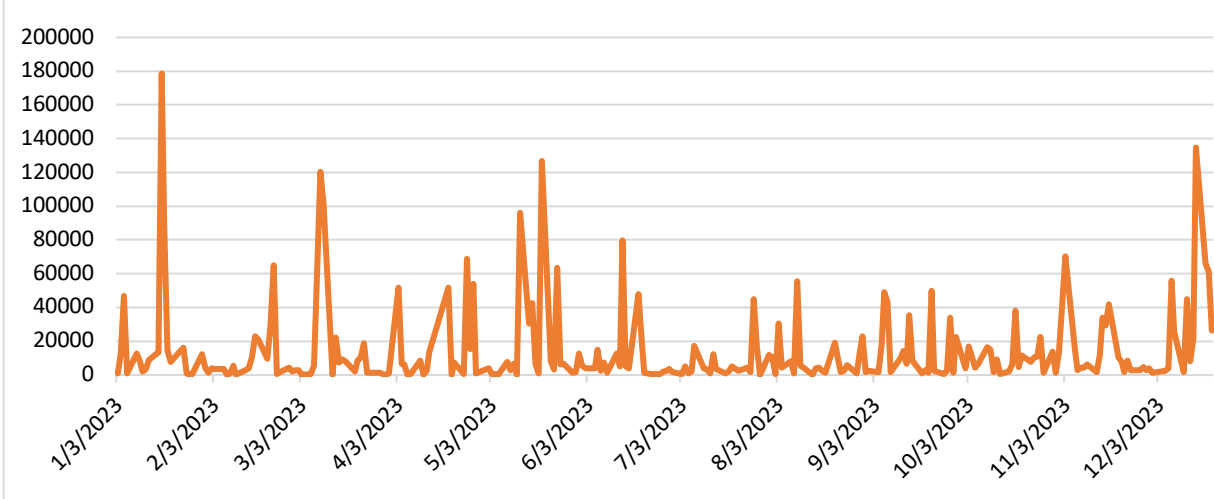
8. BCEL's Share Trading

Share trading at the Lao Securities Exchange has increased in terms of the number of listed companies and their share trading opens regularly. The share of BCEL has been attractive to both domestic and overseas investors each day. In 2023, the average trading volume of BCEL's shares was 14.473 shares/day (the annual volume for the share trading was 3.545.900 shares or equivalent to 16,02 billion LAK). The average price of BCEL's share was 4.532LAK/share (the highest price was 5.100LAK/share and the lowest price was 4.000LAK/share).

Share price 2023



Share trading volume (Shares) in 2023



VI. Organizational Structure

1. Shareholders

+ Shareholders with 5% and greater of the shares.

- 1) The government of Lao PDR represented by the Ministry of Finance owns 60% of BCEL's total shares.
- 2) COFIBRED (a strategic partner), a company under the parental control of BRED Group from France, holds 10% of BCEL's total shares
- 3) Domestic investors (including BCEL's employees) and foreign investors (individuals and entities) cover 30% of BCEL's total shares, each shareholder is regulated to hold no more than 2%.

+ Shareholder's structure.

The shareholder structure of BCEL as of 31 December 2023 is as below:

Shareholders	Shares	%
The government of Lao PDR represented by the Ministry of Finance	124.634.021	60%
COFIBRED (Strategic partner)	20.772.359	10%
Domestic investors (including BCEL's employees) and foreign investors (*)	62.316.920	30%
Total	207.723.300	100%

(*) Each individual or entity is regulated to hold no more than 2% of the total shares.

2. Board of Directors

The Board of Directors of BCEL in 2023 is comprised of the following members:

	Name and surname	Position	Workplace	Date appointed by Shareholders' Meeting
1	Mr. Bounpone Vannachit	Chairman	Ministry of Finance	27 th Apr 2023
2	Mr. Khamsouk Sundara	Independent Director Vice Chairman	Independent Director	29th Oct 2021 (reappointed)
3	Mme. Saysamone Chanthachack	Director	Director of BCEL	22 nd November 2022
4	Mr. Stephane Mangiavacca	Director	COFIBRED	29th Oct 2021 (reappointed)
5	Mr. Pasomphet Khamtanh	Director	Ministry of Finance	29th Oct 2021 (reappointed)
6	Assoc. Prof. Mr. Thongphet Chanthanivong	Independent Director	F. of Economics, NUOL	29th Oct 2021 (reappointed)
7	Mrs. Latdavanh Songvilay	Independent Director	Centre of Macroeconomics Policy Research & Economic Restructuring	29th Oct 2021 (reappointed)
8	Mr. Sonexay Silaphet	Independent Director	Lao Chamber of Accountants and Auditors	29th Oct 2021 (reappointed)
9	Mr. Viengsouk Chounthavong	Director	Deputy Director of BCEL	29th Oct 2021 (reappointed) Membership ended as of 1 st Oct 2023

The outgoing members of the BOD during 2023:

	Name and surname	Position	Workplace	Date appointed by Shareholders' Meeting
1	Mr. Viengsouk Chounthavong	Director	Deputy Director of BCEL	29th Oct 2021 (reappointed) Membership ended as of 1 st Oct 2023 due to pre-retirement leave

Note:

These are the highlighted updates of the BOD during 2023:

- On 27th Apr 2023 the Shareholders' Meeting approved the appointment of Mr. Bounpone Vannachit, Deputy Minister of Finance, to be the Chairman of the Board of Directors;
- From 1st Oct 2023 the Board of Directors was comprised of 8 members due to the pre-retirement of a Director Mr. Viengsouk Chounthavong, Deputy Director of BCEL.

3. The Committees of the Board of Directors

There are 4 Committees of the Board of Directors of BCEL, which each committee consists of 3-4 members from the Board of Directors as below:

3.1. Audit Committee

- | | | |
|---|---------------|---------------|
| 1. Mr. Sonexay Silaphet | Member of BOD | Chairman |
| 2. Assoc. Prof. Mr. Thongphet Chanthanivong | Member of BOD | Vice Chairman |
| 3. Mr. Pasomphet Khamtanh | Member of BOD | Member |

3.2. Risk Management Committee

- | | | |
|---|---------------|---------------|
| 1. Assoc. Prof. Mr. Thongphet Chanthanivong | Member of BOD | Chairman |
| 2. Mr. Pasomphet Khamtanh | Member of BOD | Vice Chairman |
| 3. Mr. Sonexay Silaphet | Member of BOD | Member |

3.3. Nomination & Remuneration Committee

- | | | |
|--------------------------------|----------------------|---------------|
| 1. Mr. Khamsook Sundara | Vice Chairman of BOD | Chairman |
| 2. Mr. Bounpone Vannachit | Chairman of BOD | Vice Chairman |
| 3. Mrs. Saysamone Chanthachack | Member of BOD | Member |

3.4. Corporate Governance Committee

- | | | |
|--------------------------------|---------------|---------------|
| 1. Mrs. Latdavanh Songvilay | Member of BOD | Chairman |
| 2. Mrs. Saysamone Chanthachack | Member of BOD | Vice Chairman |
| 3. Mr. Sonexay Silaphet | Member of BOD | Member |
| 4. Mr. Viengsouk Chounthavong | Member of BOD | Member |

Biography of the Board of Directors



Bounpone Vannachith Chairman

Personal Information:

Date of Birth : 14 April 1959
Nationality : Lao
Languages : English and Vietnam
Designation : Deputy Minister of Finance

Education Background:

2012: Master's Degree in Economics (Economic Management), National Academy of Political and Public Administration
2010: Bachelor's Degree in Economics (Economic Management), National Academy of Political and Public Administration
1998: Higher Diploma in Economics (Economic Management), National Academy of Political and Public Administration

Professional Experience:

02/04/2021 - present: Deputy Minister of Finance
2016-2021: Vice Chairman of the State Audit Organization
2010-2016: Vice Chairman of National Economy Development Committee, Prime Minister's Office
2005-2010: Vice Governor of Oudomxay Province
1999-2005: Chief of the Provincial Finance Office, Oudomxay Province
1995-1998: Deputy Chief of the Provincial Planning-Cooperation Office, Oudomxay Province
1989-1995: Head of the Finance Office of Meuang Houn District, Oudomxay Province
1985-1988: Deputy Head of the Economic Planning & Finance Office of Meuang Houn District, Oudomxay Province
1984-1985: Head of the Statistical Planning Office of Meuang Houn District, Oudomxay Province
1981-1984: Officer of the Statistical Planning Office of Meuang Houn, Oudomxay Province
1976 -1981: Soldier in the 28th Battalion and the 63th Office.



Mr. Kham Souk SUNDARA
Vice Chairman

Personal Information:

Date of Birth : 03 June 1945

Nationality. : Lao

Languages : Lao, English, and French

Designation : Independent Director

Education Background:

1993 : George Town University (pew Fellowship Program) Washington D.C, United States of America.

1985 : Indian Institute for Bank Management, Puna, India

1974 : International Training Center, Nagoya, Japan.

1972 : Trained in Economics Areas at UN Institute of Economic Management in Bangkok, Thailand.

1969 : Graduated from High School and University in Australia (Bachelor of Arts from University of New South Wales)

Professional Experience:

2005 : Finance and Banking Advisor at Lane Xang Minerals limited
(Subsidiary of Oxiana Group, Melbourne, Australia).

1995–1996 : Advisor to the Executive Director of South East Asia constituency of the IMF, Washington D.C.

1997–2005 : Bank of the Lao PDR (BOL).

1990–1994 : Bank of the Lao PDR (BOL).

1976–1989 : worked at Banque Pour Le Commerce Exterieur Lao (BCEL).

1970–1975 : worked at Banque de Developement du Laos (BDL).



Saysamone Chanthachack

Director

Personal Information:

Date of birth : 15/03/1969

Nationality : Lao

Language : Lao, English

Designation : Managing Director of BCEL

Education:

Higher Diploma of Politics Course.

2007 : International Master of Business Administration, Flinders University, Australia.

1998 : Master of Public Policy, Graduate School of Policy Science, Saitama University, Japan.

1993 : Master of Economics, Kuban State University, Russia.

Work Experience

08/2022–Present : Managing Director, Banque Pour Le Commerce Exterieur Lao Public.

09/2021–08/2022 : Chief Executive Officer, Lao Securities Exchange.

2015 : Director General, Lao Securities Commission Office, Bank of the Lao PDR.

04/2010 : Deputy Director General, Lao Securities Commission Office, Bank of the Lao PDR.

2009 : Deputy Director General, Monetary Policy Department, Bank of the Lao PDR.

1993–1997 : Officer, Monetary Policy Department, Bank of the Lao PDR.



Stephane MANGIAVACCA

Director

Personal Information:

Date of Birth : 11 July 1975

Nationality : French

Languages : French, English, Spanish, Chinese and
Japanese

Designation : Member of the Board of Directors of COFIBRED, Representative of
COFIBRED in the Board of Directors of BCEL

Education Background:

Ecole Nationale Supérieure des Mines de Saint-Etienne, Engineering Diploma with
honors September 1996 - October 1999

- Top French Engineering Graduate School (graduating among the top 2000 engineers in France each year)
- University of New Brunswick in Canada, 2 semester exchange program in Environmental Engineering
- Majors in Project Management, Business Administration and Chemical Engineering
- Undergraduate and graduate classes in Economics

Professional Experience:

BRED Banque Populaire, Paris, France Member of the Executive Board

Since January 2020 - Head of International

May 2009 - December 2010 - Chief Risk & Compliance Officer

Central Audit, Banque Populaire - Natixis - Coface (now BPCE GROUP), Paris, France

August 2001 - April 2009

Senior Manager of Quantitative Audit - Creation of a dedicated team for quantitative
topics

- Market activities (securitization, derivatives)
- Basel 2 compliance of internal credit rating systems
- Insurance activities
- 2008: temporary secondment to CIFG NY, monoline insurer providing credit enhancement Auditor (recruitment through competitive exam)

Work within teams of 5 to 8 inspectors and report to Senior Management. Covering various activities:

- Retail Banking, Leasing subsidiaries
- Credit Insurance, Welfare and retirement liabilities
- Trade Finance, Structured Finance, Broker Dealer

French Trade Commission, French Ministry of Economy and Finance, Guangzhou, China

October 1999 - February 2001 - Commercial assistant (selection by the Ministry on academic achievements)

- Market studies, Papers on Chinese economy and industries, Assistance to exporting French companies

EDF, French Company of Electricity, Lyon, France

May 1999 - September 1999 - Internship

- Developed comparison of two nuclear reactors N4 (French technology) and EPP (Westinghouse)

The Yokohama Rubber Company, Hiratsuka, Japan

June 1998 - August 1998 - Internship

Participated in the young engineers training program (tire making, tire materials and structure tests)

Pechiney-Aluminium, Issoire, France

June 1997 - Internship

Replaced an aluminum furnace shift worker in a team of three, producing first grade aluminum for aircraft industry and gaining insight into industrial concerns such as security, production and worker management.



Mr. Pasomphet Khamtanh

Director

Personal Information:

Date of Birth : 25 May 1970

Nationality : Lao

Languages : English

Designation : Deputy Director General, Department of
State-Owned Enterprises Reform and Insurance,
Ministry of Finance.

Education Background:

08/2020-Present : Master's Degree of Economic and Business from Kyung Hee University
in South Korea.

1987-1993 : Bachelor Degree in Machinery Management from Technical College, Laos.

Professional Experience:

08/2000-Present : Deputy Director General, Department of State-Owned Enterprises
Reform and Insurance, Ministry of Finance.

2016-2020 : Deputy Director General of Fiscal Policy and Legal Department, Ministry of
Finance.

2013-2016 : Chief of External Finance and Debt Management Department Division.

2009-2013 : Chief of the Projects of Chief of External Finance and Debt Management
Department Division.

2007-2008 : Deputy Division of Finance Statistics, Fiscal Policy Department, Ministry of
Finance.

1998-2007 : Staff of Budget Department, Ministry of Finance.

1994-1998 : Staff of External Finance Department, Ministry of Finance.



Thongpheth Chanthanivong

Independent Director

Personal Information:

Date of Birth : 20 April 1962

Nationality : Lao

Languages : Lao, English

Designation : Project Manager (Advancing Strategic Management, Leadership and Fundraising in Higher Education in Asia / ASTRA,) Erasmus+

Education Background:

2018-2023: PhD. Candidate (Accountancy), Siphathum University, Thailand.

2019 : Received CPA Certificate

1998-2002 : Master in International Business Management, at De Mons University in Belgium.

1998-2000 : Master in Business Administration at AIT University in Thailand.

1996-1997: Bachelor Degree in Business Administration, the Co-project between National Politics School and AIT University in Thailand.

1981-1985 : Bachelor of Science (Mathematics), National University of Laos

Professional Experience :

2018-2023: Vice-Dean, Faculty of Economics and Business Management (Responsible of Post-Graduate Program), National University of Laos.

2006: Associate Professor in Business Administration (2006).

2018-2024: Chairman of CPA's Curriculum, Lao Chamber of Professional Accountants and Auditors.

2018-2022: Member of Lao Chamber of Professional Accountants and Auditors Board Committees.

2018-2024: Member of Lao Telecom Company's Board Committees.

2023-2024: Member of Lao's Accounting System Improvement (Ministry of Finance)

2018-2024: Teacher of the Master and Bachelor courses of the subjects: Business, Accounting, Finance and Banking, Economics of the National University of Laos.

2020-2024: Guest speakers for the MBA course of Khon Kaen University, Thailand.

2015-2024: Trainer on IFRS and LAS Auditing



Mr. Latdavanh Songvilay
Independent Director

Personal Information:

Date of birth : 27/04/1982

Nationality. : Lao

Language : English

Designation : Director General of Macroeconomic Research Institute (MRI) of Lao Academy of Social and Economic Sciences (LASES)

Education Background:

2008–2009: Master of Public Policy from National Graduate Institute for Policy Studies (GRIPS), Japan;

2000–2005: Bachelor's degree in Economics, National University of Laos;

2004: Exchange student course, National University of Singapore, Singapore.

Work Experience:

2020–Present : Director General of Macroeconomic Research, Institute of Lao Academy of Social and Economic Sciences

2019–2020 : Acting Director General of Center for Macroeconomic and Economic Restructuring of National Institute of Economic Research

2016–2019 : Deputy Director General of Center for Macroeconomic and Economic Restructuring of National Institute of Economic Research

2015–2016 : Chief of Division in National Economic Research Institute of Ministry of Planning and Investment

2011–2015 : Deputy Chief of Division in National Economic Research Institute of Ministry of Planning and Investment

2005–2011 : Research Assistant in National Economic Research Institute of Ministry of Planning and Investment



Mr. Sonexay Silaphet
Independent Director

Personal Information:

Date of birth : 01/01/1977

Nationality : Lao

Language : English

Designation : President of Lao Chamber of Professional
Accountants and Auditors (LCPAA)

Education Background:

2017–2021 : Doctor of Philosophy (Ph.D. Candidate) in Accountancy, Sripatum University, Thailand;

2013–2014 : Master's degree in finance, Santapol Technology College;

1995–2000 : Bachelor's degree in business administration, Comcenter College;

1995–1998 : Higher diploma in accounting, Pakpasak Technical College;

06/2016 : Member of CPA Australia;

2018 : Member of LCPAA;

1999–2000 : Member of Lao Institute of Chartered Public Accountants (LICPA).

Work Experience:

05/2022–Present : President of Lao Chamber of Professional Accountants and Auditors (LCPAA)

2015–05/2022 : Vice-President of Lao Chamber of Professional Accountants and Auditors (LCPAA)

01/2016–12/2017 : Vice President of ASEAN Federation of Accountants (AFA)

01/2014–12/2015 : Vice President of ASEAN Federation of Accountants (AFA)

07/2011–09/2014 : Director of Ernst & Young Lao Limited

07/2008–06/2011 : Senior Audit Manager of Ernst & Young Lao Limited

08/2007–06/2008 : Audit Manager of Ernst & Young Lao Limited

05/2004–08/2007 : Audit Manager of PricewaterhouseCoopers (Lao) Ltd

2002–05/2004 : Experienced Senior Auditor of PricewaterhouseCoopers (Lao) Ltd

2000–2001 : Senior Auditor of PricewaterhouseCoopers (Lao) Ltd

1998–1999 : Auditor of PricewaterhouseCoopers (Lao) Ltd



Mr. Viengsouk CHOUNTHAVONG
Director

Personal Information:

Date of Birth : 15 August 1964

Nationality : Lao

Languages: Lao, English and Czech

Designation : BCEL Deputy Managing Director

Education Background:

2007 : 45 days Political Theory Course, Politics and Administration School

1982-1989 : Master Degree in Economics and Commerce, Czech Republic.

Professional Experience:

2019-10/2023: Deputy Managing Director of BCEL

2015 - 2019: Chief of Credit Administration Division, BCEL

2013–2015 : Branch Manager of BCEL's Champasack Branch

2011–2013 : Branch Manager of BCEL's Salavanh Branch

2010–2011 : Acting Branch Manager of BCEL's Salavanh Branch

2007–2010 : Acting Branch Manager of BCEL's Champasack Branch

2005–2007 : Acting Deputy Branch Manager of BCEL's Champasack Branch

2003–2005 : Chief of Credit Section, BCEL's Champasack Branch

2001–2002 : Head of Service Division, BCEL's Champasack Branch

1996–2000 : Staff of Credit Division, BCEL's Champasack Branch.

➤ BCEL's shares held by the BOD's members

According to the shareholders register book of BCEL recorded as of 25 March 2024, the number of shares held by the members of the Board of Directors is as follows:

	Name and surname	Position	Shares	%	Remarks
1	Mr. Bounpone Vannachit	Chairman	0		
2	Mr. Kamsouk Sundara	Independent Director Vice Chairman	0		
3	Mme. Saysamone Chanthachack	Director	0		
4	Mr. Stephane Mangiavacca	Director	0		
5	Mr. Pasomphet Khamtanh	Director	0		
6	Assoc. Prof. Mr. Thongphet Chanthanivong	Independent Director	0		
7	Mrs. Latdavanh Songvilay	Independent Director	0		
8	Mr. Sonexay Silaphet	Independent Director	0		
9	Mr. Viengsouk Chounthavong	Director	0		

4. Executive Management

The Management Team of BCEL during 2023 is comprised of the following:

	Name and surname	Position	Date of appointment
1	Mme. Saysamone Chanthachack	Managing Director	1st August 2022
2	Mr. Nanthalath Keopaseuth	Deputy Managing Director	30th September 2014
3	Mr. Kongasack Souphonesy	Deputy Managing Director	1st May 2021
4	Mr. Viengsouk Chounthavong	Deputy Managing Director	18th February 2019
5	Mrs. Bouaphayvanh Nandavong	Deputy Managing Director	1st May 2021
6	Mr. Saychit Simmavong	Deputy Managing Director	1st May 2021

Note: the changes of the directors in 2023:

	Name and surname	Position	Date of appt./resign.
1	Mr. Viengsouk Chounthavong	Deputy Managing Director	Appointed 18th February 2019 Await retirement 1 st Oct 2023

Biography of the Board of Management



Saysamone Chanthachack

Managing Director

Personal Information:

Date of birth : 15/03/1969

Nationality : Lao

Language : Lao, English

Designation : Managing Director of BCEL

Education:

Higher Diploma of Politics Course.

2007 : International Master of Business Administration, Flinders University, Australia.

1998 : Master of Public Policy, Graduate School of Policy Science, Saitama University, Japan.

1993 : Master of Economics, Kuban State University, Russia.

Work Experience

08/2022–Present : Managing Director, Banque Pour Le Commerce Exterieur Lao Public.

09/2021–08/2022 : Chief Executive Officer, Lao Securities Exchange.

2015 : Director General, Lao Securities Commission Office, Bank of the Lao PDR.

04/2010 : Deputy Director General, Lao Securities Commission Office, Bank of the Lao PDR.

2009 : Deputy Director General, Monetary Policy Department, Bank of the Lao PDR.

1993–1997 : Officer, Monetary Policy Department, Bank of the Lao PDR.



Kongsack SOUPHONESY
Deputy Managing Director

Personal Information:

Date of Birth : 12/11/1977

Nationality : Lao

Language : Lao, English

Designation : BCEL Deputy Managing Director

Education Background:

2018 : A Higher Diploma in Political Theory and Public Administration, Vientiane Capital's School of Politics and Public Administration;

2021 : Master's Degree in Financial Management, National University of Laos

Professional Experience:

2021-Present : Deputy Managing Director of BCEL

03/09/2018 : Chief of Internal Audit Division, BCEL Head Office

2016-2018 : Attend Political Course at Vientiane Capital Politics and Administration Institution.

27/10/2014 : Chief of Luangnamtha Branch

29/04/2013 : Chief of Huaphan Branch

12/05/2010 : Chief of Huaphan Branch

20/05/2008 : Acting Deputy Chief of Huaphan Branch

13/12/2007 : Chief of Credit Section of Oudomxay Branch

2005-2007 : Acting Chief of Credit Section of Oudomxay Branch

26/05/2000 : Staff of BCEL's Oudomxay Branch



Mr. Nanthalath KEOPASEUTH
Deputy Managing Director

Personal Information:

Date of Birth : 16 August 1978

Nationality : Lao

Languages : Lao, English, and Chinese

Designation : BCEL Deputy Managing Director.

Education Background:

2008–2010 : Masters Degree on International Trade Policy from the United States of America.

2005–2006 : Certificate in International Trade from Australia,

2004–2004 : Enrolled in English Training Course from Vientiane College, Lao PDR

1996–2000 : Bachelor Degree in English, National University of Laos.

Professional Experience:

2014–Present : BCEL Deputy Managing Director

2012–2014 : Chief of Electronic Banking and Card Service Center.

2010–2012 : Acting Chief of Electronic Banking and Card Service Center.

2007–2008 : Acting Deputy Chief of Electronic Banking and Card Service Center.

2001–2003 : Technical staff at International Remittance.

200–2001 : Technical staff of Accounting Division.

2000–2001 : Technical staff of Operation Center.



Mr. Viengsouk CHOUNTHAVONG

Deputy Managing Director

Personal Information:

Date of Birth : 15 August 1964

Nationality : Lao

Languages : Lao, English and Czech

Designation : BCEL Deputy Managing Director

Education Background:

2007 : 45 days Political Theory Course, Politics and Administration School

1982-1989 : Master Degree in Economics and Commerce, Czech Republic.

Professional Experience:

2019 – 10/2023: Deputy Managing Director of BCEL

2015 - 2019: Chief of Credit Administration Division, BCEL 2013–2015 : Branch

Manager of BCEL's Champasack Branch

2011–2013 : Branch Manager of BCEL's Salavanh Branch

2010–2011 : Acting Branch Manager of BCEL's Salavanh Branch

2007–2010 : Acting Branch Manager of BCEL's Champasack Branch

2005–2007 : Acting Deputy Branch Manager of BCEL's Champasack Branch

2003–2005 : Chief of Credit Section, BCEL's Champasack Branch

2001–2002 : Head of Service Division, BCEL's Champasack Branch

1996–2000 : Staff of Credit Division, BCEL's Champasack Branch.



Bouaphayvanh NANDAVONG

Deputy Managing Director

Personal Information:

Date of Birth : 26/11/1971

Nationality : Lao

Language : Lao, English

Designation : BCEL Deputy Managing Director

Education Background:

2014 : Master Degree in Economy Management from National Politics and Administration Institution

Professional Experience:

2021-Present : Deputy Managing Director of BCEL

1/1/2019-2021 : Chief of Human Resources Division

2018-2019 : Acting Chief of Human Resources Division

2015-2018 : Deputy Chief of Human Resources Division

2013-2015 : Deputy Chief of Vientiane Branch

2011-2013 : Deputy Chief of Human Resources Division

1997-2009 : Staff of Human Resources Division, Head Office

1994-1997 : Staff of Admin-Finance Division

1993-1994 : Staff of BCEL's Morning Market Service Unit



Saychit SIMMAVONG
Deputy Managing Director

Personal Information:

Date of Birth : 11/02/1972

Nationality : Lao

Language : Lao, Englis, French

Designation : BCEL Deputy Managing Director

Education Background:

2014: Master Degree in Economy Management from the National Politics and Administration Institution.

Professional Experience:

2021-Present : Deputy Managing Director of BCEL

08/01/2018 : Chief of Admin-Finance Division

27/10/2014 : Acting Chief of Admin-Finance Division

2013-2014 : Deputy Chief of Admin-Finance Division

2007-2013 : Chief of General Administration Section, Admin-Finance Division

2000-2006 : Chief of Cheque Collection Unit, Treasury and International Service Division

1999-2000 : Chief of Sihom joint Money Exchange Unit, Service Center

1988-1999 : Chief of Money Exchange Unit at Friendship Bridge, Service Center

10/09/1995 : Staff of BCEL Head Office

BCEL's shares held by the Executive Management

According to the shareholders register book of BCEL recorded as of 25 March 2024, the members of the management hold the shares in the following proportions:

	Name and surname	Position	Shares	%	Remarks
1	Mme. Saysamone Chanthachack	Managing Director	0		
2	Mr. Nanthalath Keopaseuth	Deputy Managing Director	10.325	0,005%	
3	Mr. Kongasack Souphonesy	Deputy Managing Director	12.000	0,006%	
4	Mr. Viengsouk Chounthavong	Deputy Managing Director	0		
5	Mrs. Bouaphayvanh Nandavong	Deputy Managing Director	13.000	0,006%	
6	Mr. Saychit Simmavong	Deputy Managing Director	1.800	0,001%	

5. The significant changes of the designation

- + On 27 April 2023 at the Shareholders's Meeting, Mr. Bounpone Vannachith, the Deputy Minister of the Ministry of Finance, was appointed as the new Chairman of the Board of Directors of BCEL.
- + On 1 October 2023, Mr. Viengsouk Chounthavong, the Deputy Director of BCEL, was approved to cease working and await official retirement.

6. Remuneration

The remuneration for the BOD and Directors was applied in accordance with the policy of BCEL. Total remuneration for the BOD and Directors in 2023 was 3.055 LAK million and in 2022 was 2.807 LAK million.

VII. Shareholders' Meetings and the Performance of the Board of Directors

1. The Shareholders' Meetings and implementation of the resolutions of the meeting

In 2023, BCEL held 1 Shareholders' Meeting which was the Annual General Meeting of the Shareholders for the year 2022, held on 27th April 2023 in Vientiane.

The Annual General Meeting of the Shareholders for the year 2022 had the resolution for the following matters:

- Agenda 1: Approved the minutes of the Extraordinary Shareholders' Meeting for the year 2022;
- Agenda 2: considered and approved the annual report of the business performance and financial statements of BCEL for the year 2022
- Agenda 3: Considered and approved the allocation of the profit for the year 2022
- Agenda 4: Considered and approved the business plan for the year 2023.
- Agenda 5: Considered and approved the appointment of the independent auditor for the year 2023.
- Agenda 6: Considered and approved the appointment of the Chairman of BCEL's Board of Directors.

The meeting resolutions have been implemented accordingly.

2. The Performance of the Board of Directors:

2.1. Meetings

In 2023, BCEL held 05 Board of Directors Meetings (04 ordinary meetings and 01 extraordinary meeting)

- 1) 1st: 21/03/2023;
- 2) 2nd: 26/07/2023;
- 3) 3rd: 31/08/2023;
- 4) 4th: 21/10/2023;
- 5) 5th: 29/12/2023.

2.2. Attendance

Name and surname	Position	Presence	Absence	Note
Mr. Bounpone Vannachith	Chairman	5	0	
Mr. Khamsouk Sundara	Vice Chairman	5	0	
Mrs. Saysamone Chanthachack	member	5	0	
Mr. Stephane Mangiavacca	member	2	3	Reasoned absence
Mr. Pasomphet Khamtanh	Director	5	0	
Mr. Sonexay Silaphet	Independent Director	4	1	Reasoned absence
Assoc.Prof. Thongphet Chanthanivong	Independent Director	5	0	
Mrs. Latdavanh Songvilay	Independent Director	4	1	Reasoned absence
Mr. Viengsook Chounthavong	Director	3	0	Retired since 1 st Oct 2023

Note:

- Since 01/10/2023, Mr. Viengsook Chounthavong, Deputy Managing Director of BCEL and member of BOD has pre-retired in accordance with BCEL's regulation. Therefore, he has not presented at the BOD's meeting for two times.
- The meeting of BOD has arranged face to face. Thus, Mr Stephane Mangiavacca, member of BOD and the strategic partner of BCEL was not able to attend the meeting and he has provided a proxy.

2.3. The important resolutions of the BOD's Meetings:

- Approved the allocation of the profits for the year 2022 and dividend in order to propose to the shareholders' meeting for approval as follows:
 - Regulatory reserve **10%**,
 - Dividend payment **100 LAK/Share**;
 - The rest will be allocated into the business expansion fund.
- Approved the appointment of the Chairman of BCEL's Board of Directors in order to propose to the shareholders' meeting for approval;
- Approved the business plan for the year 2023 in order to propose to the shareholders' meeting for approval;
- Approved the independent auditor for the year 2023 in order to propose to the shareholders' meeting for approval;
- Approved some matters related to the preparation of the Annual General Meeting of the Shareholders of BCEL for the year 2022
- Approved the agenda for the Annual General Meeting of the Shareholders of BCEL for the year 2022
 - Approved the record date of the shareholders register book to determine the right of shareholders to receive dividends: **21/04/2023**;
 - Approved the dividend payment date: **12/05/2023**

7. Acknowledged the report on the financial statement reviewed by external auditor of the first 6 months 2023;
8. Considered and approved the important matters related to the construction project of BCEL's Data Center;
9. Considered and approved the policy for BCEL's employees;
10. Considered and approved the plan for organizing the Board of Directors' meetings;
11. Acknowledged the report on Internal Audit, Risk Management and Business Performance of the quarter;
12. Acknowledged the report on Accounting of the quarter;
13. Considered the revised policy for BCEL's employees for the year 2024;
14. Acknowledged the report on the pre-retirement of Mr. Viengsouk Chounthaviing, a Deputy Managing Director of BCEL who is also the Member of the Board of Directors;
15. Considered and approved the nomination of the member of the Board of Directors for replacing the members whose term has ended;
16. Acknowledged the report on business performance of the quarter;
17. Approved the business plan for the year 2024 in principle;
18. Acknowledged the report on the review of credits;
19. Considered and approved the loan applications of corporate customers for 09 items.

3. The performance of the BOD's committees.

3.1. Audit Committee

Audit Committee held the meeting for 4 times in 2023. The committee has also followed up on important issues through circular letters and reports from time to time. The significant performance of the committee is as follows:

- Followed up on staff on their implementation of the regulations, rights, and work procedure, conducted the regular audit, special audit, specialized audit, and emergency audit of the Divisions, Centers, and Branches. The committee also followed up on the solution of the findings from internal and external auditors of the Divisions and all Branches;
- Regularly followed up on the solution of findings of the internal auditor and external auditor.
- Finished reviewing the financial report for 2022, 1st Half of year 2023, and 3rd Quarter of year 2023.
- Nominated the external auditor for the year 2023 audit.
- Closely monitored the report of the acts of misappropriation and the task of anti-corruption submitting to the management team and the Bank of the Lao PDR.
- Monitored the implementation of the IFRS in the financial report of BCEL from time to time.
- Summarized the highlighted updates of the Committee and reported to the BOD from time to time.

3.2. Risk Management Committee

The Risk Management Committee held 4 meetings in 2023 and had the highlighted movements as follows:

- Acknowledged the report on Risk Management of BCEL for the Q1; Q2; Q3 of year 2023
- Followed up on the risk indicators of the business operation;
- Followed up and summarized the risk appetite of the bank which had 14 main risk indicators;
- Followed up on the progress of the projects under the Basel II project;
- Approved the amendment of the policy on risk management;
- Summarized the highlighted updates of the Committee and reported to the BOD from time to time.

3.3. Governance Committee

The Governance Committee held 4 meetings in 2023. The Committee has emphasized on the tasks to monitor the business operation of BCEL and approved the highlighted movements as follows:

- Frequently monitored the business operation.
- Approved the business plan for year 2023, important issues that will be reported to the BOD and the Shareholders' Meeting.
- Monitored and supervised the tasks of the treasury, liquidity management, currency, capital, and currency management from time to time.
- Monitored the management of the quality of loans, and NPL resolution;
- Acknowledged the implementation of IFRS;
- Summarized the highlighted updates of the Committee and reported to the BOD from time to time.

3.4. Nomination and Remuneration Committee

The Committee held 03 meetings: approval of the relocation and appointment of the Chiefs of divisions, centers and heads of branches; approval of the amendment of the welfare policy for BCEL's employees in Quarter 3 of year 2023 and the amendment of policy for BCEL's employees in 2024; approval of the nomination of the member of the Board of Directors for replacing the member whose term has ended.

VIII. Sustainability Report

1. Sustainable Development

Sustainability is one of the key success factors in banking industry. Therefore, in order to ensure the transformation of the bank to become an organisation with effective sustainable development as well as to be consistent with international standard, the bank's business operations, not only takes into account the interests of entrepreneurs or shareholders, but also takes into account of the customer, employees, society and the environment, which are directly related to each other in order to enable the BCEL to operate business effectively and become a bank that truly benefits all stakeholders.

BCEL takes into account minimizing negative impacts along with creating positive impact in improving business performance by integrating the international sustainable development principles including corporate governance, internal control, risk management as well as conducting business in facilitating governmental policy operations, development of operational infrastructure and services to become more digitalized in order to reduce the use of paper and materials that harms the environment.

Furthermore, the bank actively conducts its business with responsibility that takes into account employees by set out policies that help employees obtain improved welfare. Moreover, the bank has high responsibilities by developing the BCEL One Heart on BCEL One Application, which is a product for fundraising for social project such as raising funds for school construction projects in rural areas, raising funds for flood victims, raising funds to support the rescue foundation, raising funds for Lao Red Cross (Croix-Rouge Lao), raising funds to help poor people needed for medical treatment, and so on. All of these demonstrate the strong commitment of BCEL to social responsibility, which is one of the important factors for sustainable business operations.

2. Corporate Governance

BCEL acknowledges the importance of corporate governance in order to enhance and improve the bank toward international standards as BCEL is among listed companies voluntarily conducting periodic assessments of bank's corporate governance practice organized by Lao Securities Commission Office in cooperation with Lao Securities Exchange to ensure the bank's good governance. With the highest score among listed companies of 80.22, BCEL is awarded for excellence in corporate governance. Specifically, the assessment result showed that BCEL's practice is rated 74%, 14%, and 12% full compliance, partial compliance, and non-compliance, respectively. The detailed scores were divided into following sections:

- **Section 1: Shareholder Rights and the Equal Treatment of Shareholders:** BCEL attained a final score of 13 or 87% full compliance, 02 or 13% partial compliance, and 00% non-compliance in this section.
- **Section 2: Role of Stakeholders in Corporate Governance:** In this section, BCEL attained a final score of 07 or 64% full compliance, 04 or 36% partial compliance, and 00% non-compliance.
- **Section 3: Disclosure and Transparency:** BCEL attained a final score of 29 or 78% full compliance, 05 or 14% partial compliance, and 08% non-compliance in this section.
- **Section 4: Responsibilities of the Board of Directors:** In this section, BCEL attained a final score of 25 or 68% full compliance, 03 or 08% partial compliance, and 24% non-compliance.

To ensure that the bank's corporate governance practice is in line with regional as well as international standards, BCEL also pays attention to following practices:

2.1. Shareholder Rights and the Equal Treatment of Shareholders

The Bank encourages and facilitates all groups of shareholders not only major shareholders but also minor shareholders, investors, institutional shareholders or foreign shareholders to fully exercise their rights, especially, shareholders' basic rights on sale/purchase, profit sharing, rights to attend the shareholders' meeting, right to appoint a proxy to participate, right to vote or appoint a proxy to decide and vote at the shareholders meeting, right to give opinions at the meeting, right to nominate candidates for board of directors (sharing 5% or above of the total shares) as well as the right to disclose the Bank's information for shareholders.

The Bank places importance on equitable treatment of all groups of shareholders not only major shareholders but also minor shareholders, investors, institutional shareholders or foreign shareholders by the equal and fair treatment of all shareholders as follows:

- Rights for subscription of newly issued ordinary shares, sale, purchase or transfer of shares: As a listed company, BCEL is committed to comply with the Lao Securities Exchange's regulations providing all groups of shareholders fair treatment to sale, purchase or transfer of shares via legally registered securities companies. Existing shareholders shall be entitled to subscribe newly issued ordinary shares before public offering according to ratio of existing to new shares and allotted method by shareholder resolution.
- Rights to the dividend: BCEL allocates appropriate dividend payment to its shareholders along with compliance practice, taking into account the capital adequacy in line with sustainable long-term growth.
- Right to obtain the information: BCEL places emphasis on providing sufficient bank's information to shareholders and investor in a timely manner by disclosing the bank's information on Lao Securities Exchange disclosure platform and BCEL's website.
- Rights to attend the shareholders' meeting: Prior to the annual shareholder's meeting, BCEL establishes an annual's meeting committee to prepare the meeting including agenda, budget, arrangement, shareholder registration (check-in), meeting venue, validate documents of local, foreign and absent shareholders, vote counting as well as delivering invitation letters to shareholders prior to the meeting date with clear agenda regarding consideration and approval sessions.
- Right to vote: At the shareholders' meeting, the shareholders are granted the right with one vote per share while those who are absent from a meeting are also allowed to appoint their representatives to participate.
- Right to give opinions at the meeting: BCEL publicly allows the shareholders to ask the questions or express their opinions on each agenda to The Board of directors and Managing Director, along with External auditor (who have the right to attend the meetings).
- Right to nominate candidates for board of directors/commissioners: BCEL allows the shareholders to nominate candidates for board of directors members according to majority votes (more than 50% of voting result). In addition, BCEL allows the shareholders holding 5% or above of the total shares to nominate candidates for board of directors, propose additional sessions to the shareholders' meeting agenda for consideration. In addition, BCEL allows the shareholders holding 10% or above of the total shares to request the Board of Directors to hold an extraordinary shareholders' meetings.

2.2. Management of Relationship with Stakeholders

BCEL gives priority to internal policies, mechanisms to protect and promote participation of all stakeholders who are treated equally and fair, including shareholders, managements, employees, customers, business partners, creditors, government agencies and social and environmental responsibility by oversee appropriate communication between the company and its stakeholders as follows:

- Shareholders: BCEL takes into account the sustainable and long-term growth based on the Bank's full potential and capability in order to enhance the Bank's value in terms of both share price and attractive dividend payment as well as protecting the rights and interests of all stakeholders.
- Managements and Employees: BCEL promotes and develops capability of the managements along with all employees for effective performance by arranging in-house professional training courses as well as providing opportunities to attend professional training abroad. In addition, BCEL considers the managements and employees' health by providing adequate welfare facilities, good working environment, and safety standard as well as communication mechanism for employees including accessible communication channel in the company, channels of comments or petitions or whistleblowing to the company.
- Customers: BCEL is aware of customer centric in providing a variety of financial products and services, increasing service channels, communication channel, channels of customer comments or petitions to the company with the purpose of facilitating and satisfying the banking services via counter service as well as electronic service.
- Business partners: BCEL places importance on legal business partners expressed by the clear process of selecting supplier, leasing, and procurement with allowing all parties for fair and transparent competition, avoiding the risk in selecting the illegal parties. BCEL strictly adopts policies on anti-corruption and giving or accepting bribes in the bank's ethics rules.
- Creditors: BCEL strictly places importance on compliance with terms, conditions and contractual obligations, implementing timely loan principal and interest repayment to all creditors.
- Government Agencies: BCEL is strictly aware of compliance with the regulations and relevant regulatory requirements assisting to solve some issues related to rapidly increased fuel prices and exchange rate fluctuations . In addition, the bank takes part in governmental support in tax collection via banking system.
- Social and Environmental Responsibility: In addition to providing banking service, BCEL contributes to social and environmental by promoting sustainable development of the company through BCEL's Core Value particularly social responsibility encouraging stakeholders to get involved in helping society, community and environment by playing a central role in fund allocation via BCEL One Heart Project for helping people in difficulties and those from disadvantaged groups, facilitating the development of learning communities, minimizing the effects of natural hazards, helping house fire victims, school construction in Xekong Province, raising funds for flood victims in Xay district-Namor district-Nga district of Oudomxay and other projects.

2.3. Disclosure and Transparency

The Bank fully recognizes the importance on information disclosed to the public in accordance with Lao Securities Exchange's statutory disclosure regulation with accurate, complete, consistent and truthful information for all stakeholders and investors. Furthermore, BCEL bank has the specific committee comprised of qualified members with capacity and experience in charge of disclosing essential information and annual financial report.

- BCEL, Subsidiary, and affiliate companies: The bank provides transparent disclosure such as its Vision, Mission, Business objective or Business plan on the Annual Report.
- Financial information: The bank provides transparent disclosure of its financial information, dividend payment as a material part of the Annual Report. Moreover, the information provided is complied with the International Financial Reporting Standards (IFRS) audited by external auditors disclosed via easy access channel such as bank's website.
- Non-Financial information: The bank provides transparent disclosure of its non-financial information such as convening of meeting, service and product development, social assistance stated in the bank's annual report as well as the profile and professional experience of the board of directors and executive management.
- BCEL has disclosed a number of times to the convening of the Board of Director's meetings, Board Committees meetings in the bank's annual report 2023 as follows:

Type of Disclosure	Number of Time
Timely Disclosure	10
Periodical Disclosure	5
Voluntary Disclosure	7
Inquired disclosure	0
Total	22

2.4. Responsibilities of the Board of Directors

BCEL places emphasis on duties expressed by clear roles and responsibilities of totally 04 board committees comprising of 1) Audit Committee, 2) Risk Management Committee, 3) Nomination and Remuneration Committee, and 4) Governance Committee. Furthermore, members of each committee should be at least 03 board members with relevant knowledge, capacity and professional experience.

3. Internal Control

Effective internal control is a key component for listed companies as well as BCEL to prevent risk or potential losses faced. Therefore, BCEL is fully aware of the importance on internal control to ensure the bank has proper and sufficient internal control systems to meet the bank's objectives expressed by complying with the internal policies, rules, procedures and guidelines developed as the standard of implementation, along with reviewing and updating those documents on a regular basis to keep up with the state of the current economic system. Moreover, the bank has established board committees with clear roles and responsibilities to enhance the bank internal control. In addition, proper organizational structure and environment help result in BCEL's effective internal control demonstrated by fully independent internal audit function, that has direct report line to the audit committee.

In addition, improvement of internal control is being conducted based on the gap assessment of BCEL's risk governance against regulations of Lao PDR, Basel principles, the three lines of defense model and best practices from internationally recognized organizations to ensure the strong risk governance with international standards. The gap assessment result showed that BCEL's current structure is generally in compliance with the related laws and regulations of Lao PDR while minor gaps against international practices existed. In order to close such gaps, BCEL focuses on building and promoting an effective risk culture in bank-wide level with the emphasis on risk awareness to all level of employees to recognize their own responsibility on risk management by publishing and training sessions for all level of employees every year to enhance its risk management structure in order to comply with international standards by building a robust risk management process and strengthen cooperation with all risk owner from divisions, centers, branches with the purpose of effective risk reporting.

4. Risk Management

4.1. Risk Management Policies Development

As risk managements is considered one of the key drivers for BCEL to effectively achieve its business objectives in order to generate sustainable return, BCEL's Managements place importance on risk management by paying attention to enhance and implement risk management framework to be more effective by set out key policies and related documents on Risk and Control Self-Assessment (RCSA), Key Risk Indicator (KRI), Risk Management Framework (revised version), Business Continuity Management (revised version), Nostro-Vostro, Deferred Revenue-Prepaid Expense, Accrued Revenue-Accrued Expense, Off-Balance Sheet Management, Reputational Risk Management (revised version), Anti-Corruption (revised version), Operational Risk Management (revised version), Internal Loss Management (revised version), Credit Risk Management (revised version), Standards of Conduct Policy for Credit Officer (revised version), Incident Management Rule, Business Continuity Plan Rule, User Account Management and Access Control Rule (revised version), Credit Risk Management Rule, Anti-Money Laundering and Terrorism Rule (revised version), Creative Media Management Rule, Internal Loss and Risk Report Instruction (revised version), along with others policies and documents related to the BCEL's risk management.

Moreover, to ensure that the bank has an effective risk management in place and align with international standards, BCEL has continued developing various policies and rules in compliance with Basel II Principles as an international standard also ensuring the appropriate of BCEL's business operation. Moreover, BCEL plans to publish several policies on Cyber Risk Management, Outsourcing, manuals on Risk-Control Self-Assessment (RCSA) and Key Risk Indicator (KRI) in order to enhance the risk management to be equivalent to international standards.

Furthermore, to ensure that the bank has an effective risk management in place and align with international standards, the bank, in collaboration with international ranked consulting firms, has implemented a number of Basel II projects. To ensure the effectiveness, during the projects, training sessions for board of directors, board of managements as well as all employees have been regularly conducted.

4.2. Preparations for Basel II Implementation

To strengthen the risk management framework and to comply with the guidelines of the Bank of Laos, BCEL has developed the Basel II implementation roadmap covering 27 initiatives set to operate during 2017 - 2025. The bank divides its roadmap into three phases and a beyond phase as follows:

- Phase 01 (2017 - 2018): To prepare for adoption of Basel II and to meet BOL's requirements as a model bank.
- Phase 02 (2019 - 2020): To begin implementing the tasks required by the BOL of which the tasks are to be performed during the period of 2020 - 2023.
- Phase 03 (2021 - 2023): To implement the tasks in accordance with BOL's requirements of which the actual implementation is planned to be into force from 2023 onwards.
- Beyond (2024 - 2025): To enhance risk management framework for full compliance with Basel II standards.

The Basel II implementation roadmap is periodically monitored and reviewed to complete each on-going project on time within the schedule assuring the related projects are able to be implemented accordingly.

With reference to the above roadmap, BCEL has completed several key projects including 1) Internal Loss Management, 2) Data Governance, 3) Loan Origination System, 4) Credit Rating System, 5) Development of Risk-Weighted Assets Engine, 6) Risk Based Approach for Control Indexing, 7) Operational Risk Management Framework, 8) Risk Control Self-Assessment, 9) Key Risk Indicator, 10) Development and improvement of policies, procedures relating to credit risk management, 11) Asset-Liability Management, 12) Fund Transfer Pricing, and 13) Enhancement of Business Continuity Management Framework.

Other ongoing projects expected to be completed by 2024 are the projects of 1) Implementation of the Fund Transfer Pricing System, 2) Enhancement of Market Risk Management Framework, 3) Development of Foundation Internal Capital Adequacy Assessment Process Framework, 4) Development and Deployment of Credit Portfolios Management and Monitoring Frameworks which will be carried out together with various seminars and activities in order to ensure the effective implementation.

In addition, BCEL continues to be well prepared for implementation of the projects planned to operate in 2024 based on the roadmap. The aforementioned projects are Development and implementation of ORM system (GRC), Internal Capital Adequacy Assessment Process, Enhancement of Asset-Liability Management Framework and other projects in order to enhance its capacity to comply with the international standards.

5. Business performance

The year 2023 was another year which BCEL remained facing many challenges, especially the regional and global economic situations became uncertain and complex resulting from geopolitical and military tensions in some regions and the rapid increase in inflation in many countries around the world. The economy of the Lao PDR has gradually recovered from those challenges but at a slow pace and it remains suffering from various domestic challenging issues concerning to increase in inflation rate, high fluctuation in exchange rate, a sharp increase in fuel prices, fiscal deficit, external debt payment obligation and others. In response to the unfavourable situations, BCEL issued measures to gradually increase the business performance, reflecting in an increase in various business performance indicators and BCEL

also continued strengthening its business position focusing on business strategic implementations and organizational capacity building in a comprehensive manner.

- **Financial management and improvement for sustainable business performance:** In particular 1) In terms of financial management, the bank emphasizes the development of fund mobilization, various forms of capital management, improvement of capital structure in order to boost credit rating, ensuring the quality of capital utilization by applying clear credit and capital management strategy, effectively increasing income along with decreasing expense, 2) In terms of capital management, the bank focuses on implementing IFRS accounting standards, risk management under Basel II, developing tools for market risk management, management information system using financial ratios as a benchmark with the development of modern IT system to support important information, 3) In terms of fixed assets management, the bank devotes to decrease fixed asset to equity capital ratio and improve return on assets following the Bank of Lao PDR's regulations as well as international principles, 4) In addition, the bank attempts to improve marketing and sales by improving sales plan and transform the sales strategy for more products specification and clearer customer segmentation. Furthermore, the bank intensively conducts the assessment on customer behaviour and demand in order to enhance the bank marketing, 5) develop and enhance a number of work instructions, manuals, procedures and policies;
- **Credit management:** BCEL acknowledges the importance of credit management as it is the primary source of income for BCEL. Specifically, the bank focuses on modernizing credit management, managing the credit quality under credit risk appetite statement, diversifying credit products for all customer segments, prioritizing non-performing loans management and maintain under its risk appetite of 3%, improving the credit policies, procedures and methodologies in compliance with Basel II, strengthening human resource and seeking for both domestic and international cooperation in credit management.
- **Improvement of the strength and quality of human resource:** human resource development plays a crucial role in the era of transformation, intensive competition and adoption of advanced technology in organization such as developing human resource according to the development purpose, providing all employees with technological knowledge, planning the capacity of human resource, improving employee nomination process, developing tool for employee monitoring and assessing in compliance with international standards, improving job rotation process based on knowledge and experience of employees (Put the right man on the right job).
- **Strengthening risk management and anti-money laundering systems:** building stronger foundation as well as following international standards in the forms of developing tools, influencing risk culture, developing and improving related policies and procedures, monitoring bank risk as well as developing human resource in risk management and anti-money laundering.
- **Improving corporate governance in compliance with international standards and building foundation to become Qualified Asean Bank (QAB):** Improving corporate governance (CG), and building a strong foundation to become Qualified Asean Bank (QAB). Learn more about sustainable business along with the preservation of the environment "Green Finance".

- **Making modernization strategy by adopting advanced technology and new innovation in supporting digital economy:** the main purpose is to move toward new service in the form of digital banking.
- **Making good governance strategy and international standard service:** improving and developing accounting system and financial reporting standards, developing and improving auditing management system with international audit-related standards, developing consumer management system with security and international standards.

6. Environment Management

Over the past year, BCEL has educated employees to emphasize the importance of environmental protection and understand the importance of sustainable financial development by doing work that does not affect the ecosystem and the environment by reducing the use of equipment that harms the environment, reducing the use of machines that cause pollution and etc.

BCEL also made efforts to bring sustainable development into the organization by focusing on protecting the environment and using natural resources sustainably, effectively, and greenly. In addition, BCEL also partnered with other organizations, like the Ministry of Natural Resources and Environment, Bank of the Lao PDR, and international organizations to work on green development participating in Green Climate Fund or GCF projects through training, and meetings about access to capital sources for low-interest loans and integrated lending.

In the future, BCEL shall review, amend, add and seek for terms and conditions of loan financing in line with potential risks concerning to natural disasters which may occur periodically and in each bankable economic sector, and BCEL previously provided loans to our clients in favourable terms and conditions in line with their associated business risks.

7. Social Support

During the past year, BCEL has been committed to contributing to society in various ways, including donation application “BCEL OneHeart” project, which is among key projects in promoting and further continue BCEL’s Corporate Social Responsibility or CSR which is a product that optimize the bank’s advantages of technology and innovation in social support by acting as an intermediary channel that facilitate the donors and targeted recipients in fund mobilization. Moreover, the application is easy, convenient, quick, and transparent tool that can check donation information that entrusting both donors and targeted recipients. With this application, several sectors can easily participate more in improving the living conditions, life quality as well as the better society. In 2023 BCEL OneHeart comprises 15 projects, with donation count of 6,110 times, the total amount is 322,729,546 LAK.

Moreover, BCEL greatly participated in social support in various aspects, namely 74th anniversary of the Lao People’s Army; 67th of the Lao Federation of Trade Unions; 113th anniversary of International Women’s Day; 137th anniversary of International Labor Day; 68th anniversary of Lao Women’s Union; 55th anniversary of the establishment of the Bank of the Lao PDR; organizing friendship sports events with 21 entities; three times of blood donation totaling 50 employees; and a fund mobilization program through a donation application called “BCEL OneHeart” to provide financial supports to flood victims in provinces of Borikhamxay, Khammuan and Savannakhet. BCEL also provided financial assistance in a total amount of 20.000.000 LAK to two ill members of BCEL Trade Union and financial supports to 106 entities amounting 1.304.898.100 LAK. In 2023, BECL Trade Union provided loans of 25,17 billion LAK to 259 members under “Help Each Other Project”.

IX. Independent Audits

1. Service and Fees

The shareholders' meeting for the year 2022 held on 27 April 2023 appointed PwC the independent auditor of BCEL for the year 2023 with remuneration of 816.850.000 LAK million. The audit service included the audits in accordance with IFRS and Lao accounting standard, audit review of the semi-annual financial status and audit report of the annual financial statements in Lao and English languages.

2. The Independent Auditor's Report

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

THE BANK

Banque Pour Le Commerce Exterieur Lao Public ("the Bank") is a joint-stock bank incorporated and registered in the Lao People's Democratic Republic ("Lao PDR").

ESTABLISHMENT AND OPERATIONS

The Bank was established from the equitisation of Banque Pour Le Commerce Exterieur Lao which had been established in accordance with the Banking Business License No. 129/BOL dated 01 November 1989. On 23 December 2010, the Bank successfully undertook its Initial Public Offering. On 10 January 2011, the Bank was equitized and renamed into Banque Pour Le Commerce Exterieur Lao Public under the Operating License No. 0061/LRO dated 10 January 2011 issued by the Business License Registration Office of the Lao PDR. At that date, the Government, represented by the Ministry of Finance ("MOF"), was the largest shareholder with 80% shareholding.

On 15 July 2011, the MOF sold 10% of the total ordinary shares (equivalent to 13.657.759 shares) to its strategic partner named Compagnie Financière de la BRED ("COFIBRED") in accordance with the Ordinary Shares Purchase Agreement between the Ministry of Finance and COFIBRED. COFIBRED is a subsidiary of BRED, the biggest regional banking society in the Banque Populaire Group - a French group of cooperative banks. The total purchased price of LAK 150.235.349.000 has been paid fully by COFIBRED.

On 17 August 2017, Lao Securities Commission Office approved the Bank to recapitalize by both Rights offering (which resulted in 68.047.300 shares) and Public offering (which resulted in 3.098.400 shares) in Lao Securities Exchange in order to increase its charter capital. The Bank received the new Banking Business License No. 21/BOL, dated 13 September 2017 issued by Bank of the Lao PDR. On 15 September 2017, Lao Securities Exchange certified that the Bank successfully increased its charter capital amount LAK 355.728.500.000 (equivalent to 71.145.700 shares) in accordance with Listing Certificate No. 01/LSX, dated 15 September 2017 and its latest amended Business License No. 0429/ERO dated 18 May 2018 issued by Ministry of Industry and Commerce.

On 11 October 2019, Lao Securities Commission Office approved the Bank to recapitalised by both Rights offering and Public offering. The purpose of the government share divestment is to support more diverse shareholders to develop the Bank on the business expansion and sustainability. On 29 November 2019, Lao Securities Commission Office certified the Bank successfully offered 10% of the Bank's shares.

The shareholding structure of the Bank as at 31 December 2023 is as follows:

Shareholders	Number of shares	%
The Government	124.634.021	60%
Strategic partners	20.772.359	10%
Local investors (including employees of the Bank) and other foreign investors	62.316.920	30%
	<u>207.723.300</u>	<u>100%</u>

The principal activities of the Bank are to provide banking services including mobilizing and receiving short-term, medium-term, and long-term deposits from organisations and individuals; making short-term, medium-term, and long-term loans to organisations and individuals based on the nature and capability of the Bank's sources of capital; foreign exchange transactions, international trade financial services, discounting of commercial papers, bonds and other valuable papers, and providing other banking services allowed by Bank of the Lao PDR.

SHARE CAPITAL

The share capital as at 31 December 2023 is LAKm 1.038.617 (31 December 2022: LAKm 1.038.617).

LOCATION AND NETWORK

The Bank's Head Office is located at No. 01, Pangkham Street, Ban Xiengnheun, Chanthabouly District, Vientiane Capital, Lao PDR. As at 31 December 2023, the Bank has one (1) Head Office, six (6) associates and joint ventures, twenty (20) main branches, ninety-nine (99) services units, and twelve (12) exchange units all over Lao PDR.

INVESTMENTS IN ASSOCIATES AND INTEREST IN JOINT VENTURES

As at 31 December 2023, the Bank has investments in associates and interest in joint ventures totally six (6) as follows:

Name	Established in accordance with Business License No.	Business Sector	% owned by the Bank
BCEL - Krung Thai Securities Company Limited	1079/ERO issued by the Ministry of Industry and Commerce on 10 July 2019	Securities	70%
Lao Viet Joint Venture Bank	732/ERO dated 29 August 2016 by the Ministry of Industry and Commerce	Banking & Finance	25%
Banque Franco - Lao Limited	0495/ERO dated 7 June 2018 by the Ministry of Industry and Commerce	Banking & Finance	30%
Lao-Viet Insurance Joint Venture Company	0600 dated 16 August 2013 by the Ministry of Industry and Commerce	Insurance	35%
Lao China Bank Company Limited	041/ERM dated 27 January 2014 by the Department of Enterprise Register and Management of the Lao PDR	Banking & Finance	39,87%
Lao National Payment Network Company Limited	0349/ERO granted by the Department of Enterprise Registration and Management of the Ministry of Industry and Commerce of the Lao PDR on 12 March 2019	Transaction settlement management (Electronic)	20%

BOARD OF DIRECTORS

Members of the Board of Directors during the year ended 31 December 2023 and at the date of this report are as follows:

Name	Title	Date of appointment
Mr. Bounpone Vannachit	Chairman	Appointed on 27 April 2023
Mr. Kamsouk Sundara	Vice Chairman	Reappointed on 14 July 2022
Mr. Pasomphet Khamtanh	Member	Appointed on 3 August 2021
Mr. Stéphane Mangiavacca	Member	Appointed on 29 May 2020
Mrs. Saysamone Chanthachack	Member	Appointed on 22 November 2022
Assoc.Prof.Thongphet Chanthanivong	Member	Appointed on 3 August 2021
Mrs. Latdavanh Songvilay	Member	Appointed on 3 August 2021
Mr. Sonexay Silaphet	Member	Appointed on 3 August 2021
Mr. Viengsouk Chounthavong	Member	Appointed on 27 April 2018

MANAGEMENT

Members of the Management during the year ended 31 December 2023 and at the date of this report are as follows:

Name	Title	Date of appointment
Mrs. Saysamone Chanthachack	General Managing Director	Appointed 2 August 2022
Mr. Kongsack Soukphonesy	Deputy Managing Director	Appointed 1 May 2021
Mr. Nanthalath Keopaseuth	Deputy Managing Director	Appointed 30 September 2014
Mr. Viengsouk Chounthavong	Deputy Managing Director	Appointed 18 February 2019
Mrs. Bouaphayvanh Nandavong	Deputy Managing Director	Appointed 1 May 2021
Mr. Saichit Simmavong	Deputy Managing Director	Appointed 1 May 2021

LEGAL REPRESENTATIVE

The legal representative of the Bank during the period and as at the date of this report is Mr. Nanthalath Keopaseuth - Deputy Managing Director.

AUDITORS

The auditor of the Bank is PricewaterhouseCoopers (Lao) Sole Company Limited.

Independent auditor's report

To: Board of Director and Shareholders of Banque Pour Le Commerce Exterieur Lao Public

Our opinion

In our opinion, the financial statements of Banque Pour Le Commerce Exterieur Lao Public (the Bank) for the year ended 31 December 2023 are prepared, in all material respects, in accordance with the accounting policies 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 ended 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of financial position as the year then ended;
- 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). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of matter - Basis of accounting

We draw attention to Note 2 to the financial statements, which describe the basis of accounting. The financial statements have been prepared in accordance with the Bank's accounting policies which the accounting basis used in the preparation of these financial statements may differ from International Financial Reporting Standard (IFRS). The readers should therefore be aware that the accompanying financial statements are not intended to present the financial position and its financial performance and cash flows in accordance with IFRS. Our opinion is not modified in respect to this matter.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We determine one key audit matter: Provision for impairment of loan to customers. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Provision for impairment of loan to customers</p> <p>Refer to Note 13 – Provision for impairment.</p> <p>As of 31 December 2023, Loan to customer balance was LAK 52.198.063 million (41% of total asset), and provision for impairment balance was LAK 1.687.920 million.</p> <p>Provision for impairment of loan to customers was considered as significant in our audit due to the estimation of provision for impairment involved the management's judgements and assumptions in identifying evidence of impairment for individual and collective customers and calculating the impairment amount including uncertainly of timing for recognition.</p> <p>Management had set up provision for impairment on loan to customers by classifying in two type of impairment which were individual and collective impairment.</p> <p>For individual impairment was calculated by the present value of the estimated future cashflows expected from customer (note 2.8.1)</p> <p>For collective impairment, loan to customer were grouped based on similar credit risk characteristics. Future cashflows on a group of loan to customer were collectively evaluated for impairment and were estimated based on historical loss experience.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> Performed risk assessment on both internal and external factors which may affect the operating result of individual, industry group and customer group which it might affect the judgement and estimation made by management. Evaluated and tested the Information Technology General Control over access program and data, control over completeness of customer's data used in calculation of provision impairment. Evaluated and tested manual controls over loan to customer and provision for impairment processes as follows; <ul style="list-style-type: none"> Loan origination and approval Collateral valuation Data input into system Tested samples of loans which it had classified as individual and collective impairments, we performed as follows; <ul style="list-style-type: none"> Inquired with management regarding processing of identify and classified loans as individual and collective impairments Examined the assumptions used in the calculation of present value of future cashflows expected from customer with supporting document such as future cashflows expected from customer, collateral valuation, Recomputed discount rate and assess the appropriate of discount rate used in calculation of present value of future cashflows

Key audit matter (continued)

Key audit matter	How our audit addressed the key audit matter
Based on the significant level of subjectivity and estimation uncertainty, provision for impairment account on loan to customers was a key audit matter.	<ul style="list-style-type: none"> - Assessed the appropriateness of assumptions used in calculation of probability of default, loss rate for calculation of collective impairment by examine with relevant supporting evidence and had a detailed discussion with management regarding the assumptions. - Recomputed provision for impairment at the end of reporting date. • Furthermore, for collateral valuations performed by the professional valuers, we evaluated their competence, capabilities and objectivity including evaluated the appropriateness of their work. Then, we sampled those valuations to check that the management used the valuations in the calculation of provision for impairment for individual customer <p>From those procedures performed, we found that management's judgements and assumptions regarding provision for impairment was appropriate.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the audit committee.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and presentation of the financial statements in accordance with the accounting policies described in Note 2 to the financial statements, and for such internal control as the directors 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 directors 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 directors either intend to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors 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 directors.
- Conclude on the appropriateness of the directors' 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 audit committee 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 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.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For PricewaterhouseCoopers (Lao) Sole Company Limited



By Apisit Thientrongpinyo
Partner

Vientiane Capital, Lao PDR
Date: 29 March 2024

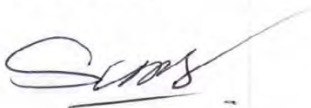
BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC

STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 LAKm	2022 LAKm
Interest incomes	4	4.000.347	3.116.126
Interest expenses	4	(2.262.158)	(1.845.243)
Net interest incomes	4	1.738.189	1.270.883
Fee and commission incomes	5	925.033	513.818
Fee and commission expenses	5	(371.827)	(149.673)
Net fee and commission incomes	5	553.206	364.145
Net gain/(loss) from dealing in foreign currencies	6	390.926	(38.154)
Other operating incomes	7	445.957	121.260
Operating income		3.128.278	1.718.134
Credit loss expense of loans to customers	13	(2.098.555)	(912.720)
Additional of impairment losses of financial investments - Available-for-sale		(2.301)	-
NET OPERATING INCOME		1.027.422	805.414
Personnel expenses	8	(399.534)	(329.249)
Depreciation and amortisation	17,18	(93.616)	(112.823)
Depreciation of right-of-use assets	19	(8.574)	(7.898)
Other operating expenses	9	(294.971)	(195.263)
TOTAL OPERATING EXPENSES		(796.695)	(645.233)
Share of profit of associates and joint ventures	16	52.393	36.898
PROFIT BEFORE TAX		283.120	197.079
Income tax Expense	24.1	(51.712)	31.111
NET PROFIT FOR THE YEAR		231.408	228.190
Earnings per share (LAK)	31	1.114	1.099

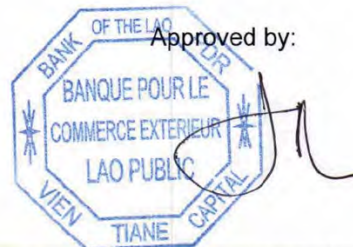
Prepared by:



Approved by:



Approved by:



Ms. Phetsamay Xayamoungkhoun

Deputy Chief of Accounting
Department
Date: 29 March 2024

Mr. Vithaya Chanthery

Deputy Chief of Internal Audit
Department
Date: 29 March 2024

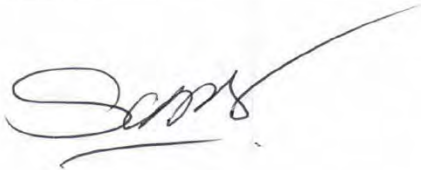
Mr. Nanthalath Keopaseuth

Deputy Managing Director
Date: 29 March 2024

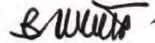
BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 LAKm	2022 LAKm
NET PROFIT FOR THE YEAR		231.408	228.190
OTHER COMPREHENSIVE (EXPENSE)/INCOME			
Remeasurement of employee benefit	25	11.334	(1.053)
Profit tax related to components of other comprehensive income	24.3	(2.267)	211
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR, NET OF TAX		9.067	(842)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		240.475	227.348

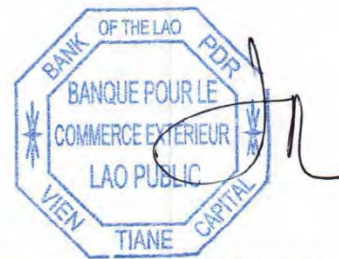
Prepared by:



Approved by:



Approved by:



Ms. Phetsamay Xayamoungkhoun

Mr. Vithaya Chanthery

Mr. Nanthalath Keopaseuth

Deputy Chief of Accounting
Department
Date: 29 March 2024

Deputy Chief of Internal Audit
Department
Date: 29 March 2024

Deputy Managing Director
Date: 29 March 2024

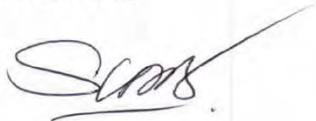
BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC

STATEMENT OF FINANCIAL POSITION

AS AT YEAR ENDED 31 DECEMBER 2023

	Notes	2023 LAKm	2022 LAKm
ASSETS			
Cash and balances with Bank of the Lao PDR	10	31.684.143	27.786.294
Due from banks	11	21.964.355	11.855.719
Loans to customers	12	53.892.356	47.235.372
Financial investments - Available-for-sale	14	87.822	90.123
Financial investments - Held-to-maturity	15	14.865.690	4.967.151
Investments in associates and joint ventures using the equity method	16	747.223	691.081
Property and equipment	17	568.104	540.325
Intangible assets	18	321.734	283.285
Right-of-use assets	19	53.500	52.028
Deferred tax assets	24.3	102.813	116.520
Other assets	20	2.146.019	875.117
TOTAL ASSETS		126.433.759	94.493.015
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks and other financial institutions	21	9.463.117	6.639.183
Due to customers	22	109.471.717	80.994.071
Borrowings from other banks	23	4.378.394	4.105.783
Current tax liabilities	24.2	27.454	21.907
Lease liabilities		29.285	26.553
Other liabilities	25	486.128	347.558
TOTAL LIABILITIES		123.856.095	92.135.055
EQUITY			
Share capital	26	1.038.617	1.038.617
Statutory reserves	27	911.701	836.635
Other comprehensive items		18.107	9.040
Retained earnings		609.239	473.668
TOTAL EQUITY		2.577.664	2.357.960
TOTAL LIABILITIES AND EQUITY		126.433.759	94.493.015

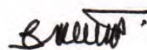
Prepared by:



Ms. Phetsamay Xayamoungkhoun

Deputy Chief of Accounting
Department
Date: 29 March 2024

Approved by:



Mr. Vithaya Chanthery

Deputy Chief of Internal Audit
Department
Date: 29 March 2024

Approved by:



Mr. Nanthalath Keopaseuth

Deputy Managing Director
Date: 29 March 2024

BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Other comprehensive items					Total LAKm
		Share capital LAKm	Statutory reserves LAKm	Remeasurement of post- employment benefit reserve LAKm	Available- for-sale reserve LAKm	Retained earnings LAKm	
Balance as at 31 December 2021		1,038,617	831,667	9,882	1,534	250,446	2,132,146
Appropriation to reserves for the year 2021	27	-	4,968	-	-	(4,968)	-
Net profit for the year 2022		-	-	-	-	228,190	228,190
Remeasurement in the fair value of financial investments – Available-for-sale	25	-	-	-	(1,534)	-	(1,534)
Remeasurement of employee benefit Profit tax related to components of other comprehensive income	24.3	-	-	(1,053)	-	-	(1,053)
		-	-	211	-	-	211
Balances as at 31 December 2022		1,038,617	836,635	9,040	-	473,668	2,357,960

BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Other comprehensive items				Retained earnings LAKm	Total LAKm
		Share capital LAKm	Statutory reserves LAKm	employment Remeasurement of post-benefit reserve LAKm			
Balance as at 31 December 2022		1.038.617	836.635	9.040		473.668	2.357.960
Dividend paid out to shareholders for the periods	32	-	-	-		(20.771)	(20.771)
Appropriation to reserves for the year 2022	27	-	75.066	-		(75.066)	-
Net profit for the year 2023	25	-	-	-		231.408	231.408
Remeasurement of employee benefit		-	-	11.334		-	11.334
Profit tax related to components of other comprehensive income	24.3	-	-	(2.267)		-	(2.267)
Balances as at 31 December 2023		1.038.617	911.701	18.107		609.239	2.577.664

Prepared by:

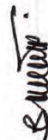


Ms. Phetsamay Xayamoungkhoun

Deputy Chief of Accounting
Department

Date: 29 March 2024

Approved by:



Mr. Vithaya Chanthery

Deputy Chief of Internal Audit Department

Date: 29 March 2024

Approved by:



Mr. Nanthalath Keopaseuth

Deputy Managing Director

Date: 29 March 2024

BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 LAKm	2022 LAKm
OPERATING ACTIVITIES			
Profit before tax		283.120	197.079
<i>Adjustments for:</i>			
Depreciation and amortisation charges	17,18,19	102.190	120.720
Expense for impairment losses	13	2.098.555	912.720
Changes in provision for impairment loss on Financial investments - Available-for-sale		2.301	-
Post-employment benefit expense	25	7.226	9.288
Share of profit of associates and joint ventures	16	(52.393)	(36.898)
Unrealise (Gain)/loss on exchange rate		(464.090)	1.532.273
Loss on disposal/written-off		479	6.359
Interest incomes	4	(4.000.347)	(3.116.126)
Interest expenses	4	2.262.158	1.845.243
Dividend income	7	(1.918)	(1.918)
Cash flows from operating profit before changing in operating assets and liabilities		237.281	1.468.742
<i>Changes in operating assets</i>			
Net change in balances with other banks		(12.079.564)	(1.486.073)
Net change in loans to customers		(20.095.751)	(13.983.518)
Net change in other assets		(1.177.526)	(192.252)
<i>Changes in operating liabilities</i>			
Net change in due to other banks		2.849.098	1.361.992
Net change in due to customers		28.253.313	23.658.446
Net change in other liabilities		684.569	55.838
Net change in borrowing from other banks		148.527	(711.662)
Interest received		7.319.548	694.112
Interest paid		(2.457.374)	(1.380.334)
Tax paid during the year	24.2	(34.725)	(2.261)
Net cash flows from operating activities		3.647.396	9.483.029
INVESTING ACTIVITIES			
Purchase and construction in progress and property and equipment		(105.860)	(80.409)
Purchase of right of use		(6.440)	(5.364)
Purchase of intangible asset		(50.307)	(1.784)
Proceeds from disposals of property and equipment		-	7.468
Payment for investment in associates and joint ventures	16	(12.000)	(18.498)
Dividends received from investment in associates and joint venture investment	16	8.251	7.633
Dividends received from financial investments – available for sale	7	1.918	1.918
Payment from investment in financial investments – hold to maturity		(5.674.624)	(931.000)
Proceed from investment in investment in financial investments – hold to maturity		4.101.382	1.465.537
Net cash flows from/(used) in investing activities		(1.737.680)	445.501

BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC

STATEMENT OF CASH FLOWS

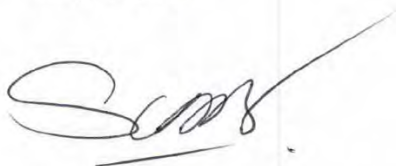
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 LAKm	2022 LAKm
FINANCING ACTIVITIES			
Payment of dividends	32	(20.771)	-
Payment on lease payment		(10.870)	(13.345)
Net cash flows used in financing activities		(31.641)	(13.345)
Net change in cash and cash equivalents		1.878.075	9.915.185
Cash and cash equivalents at the beginning of the year	28	35.715.070	25.799.885
Cash and cash equivalents at the end of the year	28	37.593.145	35.715.070

Non-cash from financing and investing activities;

Acquisition of construction in progress and property and Equipment	3.711	2.033
Settlement loan to customers and investment in hold-to-maturity securities	7.699.424	229.358
Acquisition of right-of-use assets	4.051	-

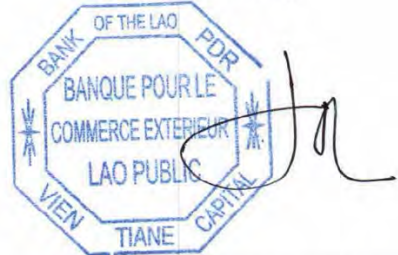
Prepared by:



Approved by:



Approved by:



Ms. Phetsamay Xayamoungkhoun

Deputy Chief of Accounting
Department
Date: 29 March 2024

Mr. Vithaya Chanthery

Deputy Chief of Internal Audit
Department
Date: 29 March 2024

Mr. Nanthalath Keopaseuth

Deputy Managing Director
Date: 29 March 2024

BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

Banque Pour Le Commerce Exterieur Lao Public (the Bank) is a public limited company which registered under Bank of Lao PDR (BoL) and listed on the Securities Exchange of Lao PDR (LSX).

The Bank is incorporated and domiciled in Lao PDR. The Bank's Head Office is located at No. 01, Pangkham Street, Ban Xiengnheun, Chanthabouly District, Vientiane Capital, Lao PDR. As at 31 December 2023, the Bank has one (1) Head Office, six (6) associates and joint ventures, twenty (20) main branches, ninety-nine (99) services units, and twelve (12) exchange units all over Lao PDR.

The principal business operations of the Bank, its associates and joint ventures are to provide banking and other services including:

- mobilising and receiving deposits from organisations and individuals
- making loans to organisations and individual
- foreign exchange transactions
- international trade financial services
- discounting of commercial papers
- bonds and other valuable papers
- insurance
- securities

The financial statements is presented in Lao Kip and rounded to the nearest million, unless otherwise stated.

The financial statements was authorised for issue by the Board of Directors on 29 March 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of the financial statements are set out below.

2.1 Basis of preparation

The accompanying financial statements have been prepared in accordance with the Bank's principal accounting policies as described below and have been prepared generally of the historical cost convention, except for certain financial assets (financial investments – available for sale) measured at fair value.

According to the Accounting Law no. 47/NA issued on 26 December 2013; Public Interest Enterprises (PIEs) are required to apply IFRS. However, the Ministry of Finance has issued announcement No. 1137/MoF issued on 27 April 2020 and from Lao Securities and Exchange Commission Office (LSCO) dated 25 May 2020, which provided options for PIEs to prepare action plan for adoption IFRS until 31 December 2025 and 1 January 2026 onward, all listed companies must fully adopt IFRS.

The management is presently preparing an action plan for implementation of IFRS in accordance with the announcement. Therefore, the accounting principles applied may materially differ from International Financial Reporting Standards (IFRS).

The preparation of financial statements requires management to make estimates and assumptions affecting the reported assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and 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 (Noted 3).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Foreign currency translation

Transactions in foreign currencies are initially recorded at the spot rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into LAK at the spot rate of exchange at the reporting date (see the list of exchange rates of applicable foreign currencies against LAK as at 31 December 2023 and 31 December 2022 as presented in Note 35). Unrealised exchange differences arising from the translation of monetary assets and liabilities on the balance sheet date are recognised in the statement of income.

2.3 Recognition of income and expense

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

2.3.1 Interest income and expense

For all financial instruments measured at amortised cost, interest-bearing financial assets classified as available-for-sale and financial instruments designated at fair value through profit or loss, interest income or expense are recorded using the effective interest rate (EIR).

The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

When the recorded value of a financial asset or a group of similar financial assets has been reduced by an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.3.2 Fees and commission incomes

The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Bank's revenue contracts do not typically include multiple performance obligations, as explained further in 2.3.2.1 and 2.3.2.2 below.

When the Bank provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time (unless otherwise specified in 2.3.2.1 and 2.3.2.2 below). The Bank has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

2.3.2.1 Fee and commission income from services where performance Obligations are satisfied over time performance obligations satisfied over time include services where the customer simultaneously receives and consumes the benefits provided by the Bank's performance as the Bank performs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Recognition of income and expense (continued)

2.3.2 Fees and commission incomes (continued)

- 2.3.2.2 Fee and commission income from providing services where performance obligations are satisfied at a point in time

Services provided where the Bank's performance obligations are satisfied at a point in time are recognised once control of the services is transferred to the customer. This is typically on completion of the underlying transaction or service or, for fees or components of fees that are linked to a certain performance, after fulfilling the corresponding performance criteria. These include fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement/participation or negotiation of the acquisition of shares or other securities, or the purchase or sale of businesses, brokerage and underwriting fees.

The Bank typically has a single performance obligation with respect to these services, which is to successfully complete the transaction specified in the contract.

2.3.3 Dividend income

Dividend income is recognised when the Bank's right to receive the payment is established.

2.3.4 Net trading income

Results arising from trading activities include all gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities 'held for trading'.

2.4 Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprise cash on hand, non-restricted current accounts with the BOL and amounts due from banks on demand or with an maturity of three months or less.

2.5 Investments in associates and interest in joint ventures

The Bank has investment in associates and interest in joint ventures, which are jointly entities, whereby the ventures have a contractual arrangement that establishes joint control over the economic activities of the entities. The arrangement requires unanimous agreement for financial and operating decisions among the ventures.

The Bank recognises its interest in the associates and joint ventures using the equity method using the financial information available on hand.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Bank's share of the post-acquisition profits or losses of the investee in profit or loss, and the Bank's share of movements in other comprehensive income of the investee in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Investments in associates and joint ventures (continued)

Equity method (continued)

Dividends received or receivable from investment in associates and interest in joint ventures are recognised as a reduction in the carrying amount of the investment. Where the Bank's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, the Bank does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. The allowance for impairment is made for investments in associates and joint ventures when the associates and joint ventures are making a loss (except for the loss which is identified in the business plan before establishment). Accordingly, the allowance is made for the difference between actual investment in the associates and joint venture and the Bank's proportionate share in the associates and joint venture's net equity.

2.6 Financial instruments -initial recognition and subsequent measurement

2.6.1 Date of recognition

All financial assets and liabilities, with the exception of loans to customers and balances due to customers, are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes "regular way trades" - purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

Loans to customers are recognised when funds are transferred to the customers' account. The Bank recognises due to customer balances when funds reach the Bank.

2.6.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

2.6.3 The effective interest rate method

The effective interest rate (EIR) is the rate exactly discounts estimated future cash payments or receipts through the contractual term of the financial instrument or, when appropriate a shorter period, to the net carrying amount of the financial asset or financial liability. The amortised cost of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted amortised cost is calculated based on the original or latest re-estimated EIR and the change in is recorded as 'Interest and similar income' for financial assets and 'Interest and similar expense' for financial liabilities.

2.6.4 'Day 1' profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'Net trading income'. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the statement of income when the inputs become observable, or when the instrument is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Financial instruments - initial recognition and subsequent measurement (continued)

2.6.5 Available for sale financial investments

Available for sale investments include equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

The Bank has not designated any loans or receivables as available for sale.

After initial measurement, available for sale financial investments are subsequently measured at fair value.

Unrealised gains and losses are recognised directly in equity (Other comprehensive income) in the 'Available-for-sale reserve'. When the investment is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the statement of income in 'Other operating income'. Where the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis.

Dividends earned while holding available-for-sale financial investments are recognised in the statement of income as 'Other operating income' when the right of the payment has been established. The losses arising from impairment of such investments are recognised in the statement of income in 'Impairment losses on financial investments' and removed from the 'Available-for-sale reserve'.

2.6.6 Held-to-maturity financial investments

Held-to-maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Bank has the intention and ability to hold to maturity. After initial measurement, held-to-maturity financial investments are subsequently measured at amortised cost using the EIR. Periodically, held-to-maturity securities are subject to review for impairment. Allowance for impairment of these securities is made when there has been a significant or prolonged decline in the fair value below their cost. The losses arising from impairment of such investments are recognised in the statement of income line 'Impairment loss expense'.

If the Bank were to sell or reclassify more than an insignificant amount of held-to-maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale investments. Furthermore, the Bank would be prohibited from classifying any financial asset as held-to-maturity during the following two years.

2.6.7 Due from banks and loans to customers

'Due from banks' and 'Loans customers' include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- ▶ Those that the Bank intends to sell immediately or in the near term and those that the Bank, upon initial recognition, designates as at fair value through profit or loss;
- ▶ Those that the Bank, upon initial recognition, designates as available-for-sale;
- ▶ Those for which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Financial instruments - initial recognition and subsequent measurement (continued)

2.6.7 Due from banks and loans to customers (continued)

After initial measurement, amounts 'Due from banks' and 'Loans to customers' are subsequently measured at amortised cost using the EIR method, less allowance for impairment. The amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. Therefore, the Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of the loan, hence, recognising the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (prepayments, penalty interest and charges).

If expectations are revised the adjustment is booked as a positive or negative adjustment to the carrying amount in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest and similar income in the statement of profit or loss.

2.6.8 Due to other banks and customers and other borrowed funds

"Due to other banks and customers and other borrowed funds" include arrangements where the substance of the contractual arrangements result in the Bank having an obligation either to deliver cash or another financial asset to the holder.

After initial measurement, "Due to other banks and customers and other borrowed funds" are subsequently measured at amortised cost using the EIR. The amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

2.6.9 Reclassification of financial assets

The Bank was permitted to reclassify, in certain circumstances, non-derivative financial assets out of the 'Held-for-trading' category and into the 'Available-for-sale', 'Loans and receivables', or 'Held-to-maturity' categories. From this date it was also permitted to reclassify, in certain circumstances, financial instruments out of the 'Available-for-sale' category and into the 'Loans and receivables' category. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost.

For a financial asset reclassified out of the 'Available-for-sale' category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is recycled to the statement of profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Financial instruments - initial recognition and subsequent measurement (continued)

2.6.9 Reclassification of financial assets (continued)

In rare circumstances, the Bank may reclassify a non-derivative trading asset out of the 'Held-for-trading' category and into the 'Loans and receivables' category if it meets the definition of loans and receivables and the Bank has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Reclassification is at the election of management and is determined on an instrument by instrument basis.

2.7 De-recognition of financial assets and financial liabilities

2.7.1 Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired. The Bank also derecognises the assets if it has both transferred the asset, and the transfer qualifies for derecognition.

The Bank has transferred the asset if, and only if, either:

- ▶ The Bank has transferred its contractual rights to receive cash flows from the asset or
- ▶ It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

A transfer only qualifies for derecognition if either:

- ▶ The Bank has transferred substantially all the risks and rewards of the asset or
- ▶ The Bank has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

In relation to the above, the Bank considers the control to be transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 De-recognition of financial assets and financial liabilities (continued)

2.7.1 Financial assets (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

The Bank also derecognises a financial asset, in particular, a loan to customer when the terms and conditions have been renegotiated to the extent that it substantially became a new loan, with the difference recognised as an impairment in the statement of profit or loss.

2.7.2 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

2.8 Impairment of financial assets (Loan to customers)

The Bank assesses at each reporting date, whether there is any objective evidence that a financial asset – loan to customers is impaired. A financial asset – loan to customer is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganisation; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.8.1 Financial assets carried at amortised cost

Individual impairment losses

For financial assets – loan to customers carried at amortised cost, the Bank first assesses whether objective evidence of impairment exists for financial assets that are individually significant or are already under specific work out by management.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). An estimation of future cash flow of loan to customers under Non-Performing Loan classification are calculated from 40% of collateral value assessed by internal valuer together with a consideration of expected timeline to sale collateral. An estimate of future cash flow of loan to customer under Performing Loan classification are from the expected of collection of loan principal and interest throughout contractual period together with taking consideration of the expected recoverable rate using the rate for grade A at 99% and grade B at 97%-95%) plus 20% of collateral value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of financial assets (continued)

2.8.1 Financial assets carried at amortised cost (continued)

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in credit loss expense in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of interest and similar income.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to income.

The present value of the estimated future cash flows is discounted at the financial asset's contractual interest rate. If the Bank has reclassified trading assets to loans, the discount rate for measuring any impairment loss is the new EIR determined at the reclassification date.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Collective impairment model

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms (for example, on the basis of a credit risk evaluation or grading process).

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows reflect and are directionally consistent with changes in related observable data from period to period (such as changes in unemployment rates, personal indebtedness, collateral values including property prices for mortgages, commodity prices, payment status or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of financial assets (continued)

2.8.2 Impairment of available for sale investments

The Bank records impairment charges on available for sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Bank evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.

2.8.3 Collateral valuation

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Bank's annually reporting schedule.

To the extent possible, the Bank uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties (if available) such as mortgage brokers, housing price indices, audited financial statements, and other independent sources.

2.8.4 Collateral repossessed

The Bank's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets that are determined better to be sold, are immediately transferred to assets held for sale at their fair value at the repossession date in line with the Bank's policy.

2.9 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial positions if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Property and equipment

Property and equipment are stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Construction in progress is not depreciated. The following are annual rates used:

Buildings & improvements	5%-10%
Office equipment	20%
Furniture and fixtures	20%
Motor vehicles	20%

Property and equipment are derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' in the statement of income in the year the asset is derecognised.

2.11 Intangible assets

The Bank's other intangible assets include the value of land use rights and software.

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of income in the expense category consistent with the function of the intangible asset.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. The following are annual rates used:

Software	20% - 50%
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The land use rights of the Bank were not amortised as land use rights have indefinite term and was granted by the Government of Lao PDR.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of non-financial assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit (CGU)'s fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Bank estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of income.

2.13 Financial guarantees

In the ordinary course of business, the Bank issues financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements (within 'Other liabilities') at fair value on the date the guarantee was issued, being the premium received.

Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of income, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is recorded in the statement of income in 'Credit loss expense'. The premium received is recognised in the statement of income in 'Net fees and commission income' on a straight-line basis over the life of the guarantee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Leasing

2.14.1 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 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 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 recognised 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.

2.14.2 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 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 recognised 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 assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Leasing (continued)

2.14.3 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 recognised as expense on a straight-line basis over the lease term.

2.15 Employee benefits

Post-employment benefits

Post-employment benefits are paid to retired employees of the Bank at the time of retirement by the amount equal to (Latest Basic Salary + Wage + 25% of allowance (If have) + 25% of other benefits) x 1,5 x working years.

The fund for Post-employment benefits come from:

- (i) the retirement reserve contributed by the employees, for which the Bank withholds a certain monthly amount from employees' salary (5,5%) of the amount (Equal to Basic Salary + Wage + 25% of allowance + 25% of other benefits);
- (ii) and the Bank contribution by monthly, which is equal to 6% of the amount (Equal to Basic Salary + Wage + 25% of allowance + 25% of other benefits);

The Bank records its contribution as 'Payroll and other staff costs' into the statement of income on an accrual basis.

In October 2022, the bank applied Social Security Fund therefore the Bank is required to contribute to the Social Security Organisation at the rate of 6% of employee's basic salary monthly and the bank has still pay post-employment benefit as mention above also.

In April 2023, the Bank implemented a new employee benefit policy that specify the employee benefit payment into two groups: 1) the employees hired before October 2022, the Bank will continue to use the same methodology for calculating employee benefits, deducting gratuities or pensions (pension specifically for employee who contributed to the SSO more than 180 months) paying by SSO, 2) the employees hired after October 2022, pensions or gratuities will be paid in accordance with SSO policy.

The employee benefit obligation is calculated annually by management using the projected unit credit method. The present value of the employee benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that matches the terms and currency of the expected cash outflows.

Post-employment benefits are paid to retired employees of the Bank at the time of retirement from:

- (i) the retirement reserve contributed by the employees, for which the Bank withholds a certain monthly amount from employees' salary (currently 8,00%) and records into "Other liabilities" in the statement of financial position; the Bank's contribution, which is equal to employees' number of months working at the Bank multiplied by 15,00% of their latest salary. The Bank records its contribution as 'Payroll and other staff costs' into the statement of income when such payment is made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Employee benefits (continued)

Post-employment benefits (continued)

Termination benefits

In accordance with Article 82 of the Amended Labour Law No. 43/NA approved by the President of the Lao People's Democratic Republic on 28 January 2014, the Bank has the obligation to pay allowance for employees who are terminated by dismissal in the following cases:

- ▶ The worker lacks specialised skills or is not in good health and thus cannot continue to work;
- ▶ The employer considers it necessary to reduce the number of workers in order to improve the work within the labour unit.

For the termination of an employment contract on any of the above-mentioned grounds, the employer must pay a termination allowance which is calculated on the basis of 10% of the basic monthly salary earned before the termination of work.

As at 31 December 2023, no employee of the Bank was dismissed under the above-mentioned grounds; therefore, the Bank has not made a provision for termination allowance in the separate financial statements.

2.16 Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Bank determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of income net of any reimbursement in other operating expenses.

2.17 Profit tax

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Bank operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Profit tax (continued)

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, 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 utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised 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 realised 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 tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.18 Statutory reserves

Under the requirements of the Law on Commercial Banks dated 7 December 2018, commercial banks are required to appropriate net profit to the following reserves:

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

In accordance with Article 156, Enterprise Law dated 26 December 2013, 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 laws. The Bank will record after getting approval from General Shareholders' Meeting.

The business expansion fund and other funds shall be created upon decision of the Board of Management.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Bank's separate financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

3.1 Effective interest rate method

The Bank's EIR method, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behavior and life cycle of the instruments, as well expected changes to other fee income/expense that are integral parts of the instrument.

3.2 Impairment losses on loans to customers

The Bank reviews its individually significant loans at each reporting date to assess whether an impairment loss should be recorded in the statement of income.

The Bank's impairment methodology for assets carried at amortised cost results in the recording of provisions for:

- ▶ Individual impairment losses on individually significant or specifically identified exposures;

This estimation requires an element of management's judgement, in particular for the estimation of the amount and timing of future cash flows and collateral values when determining individual impairment losses. These estimates are driven by a number of factors, the changing of which can result in different levels of allowances.

- ▶ Collective impairment.

The loss allowances for financial assets are based on assumptions about default risk and loss rates. The Bank uses judgement in making these assumptions and selecting the inputs used in the impairment calculation, based on the Bank's past history and existing market conditions at the end of each reporting period.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

3.3 Impairment of available-for-sale investments

The Bank reviews its equity securities classified as available-for-sale investments at each reporting date to assess whether they are impaired.

This assessment, including the interpretation of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Bank evaluates, among other factors, historical share price movements, and the duration and extent to which the fair value of an investment is less than its cost.

3.4 Determination of lease terms

Critical judgement in determining the lease term, the Bank considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the most relevant factors are historical lease durations, the costs and conditions of leased assets.

Most extension options on offices and vehicles leases have not been included in the lease liability, because the Bank considers i) the underlying asset condition and/or ii) insignificant cost to replace the leased assets.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Bank becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstance affecting this assessment occur, and that it is within the control of the Bank.

3.5 Determination of discount rate applied to leases

The Bank determines the incremental borrowing rate as follows:

- Where possible, use recent third-party financing received by the individual lessee as a starting point, adjusting to reflect changes in its financing conditions.
- Make adjustments specific to the lease, e.g. term, currency and security.

4. NET INTEREST INCOMES

	2023 LAKm	2022 LAKm
Interest income calculated using the effective interest method from:		
Lending to customers	3.118.426	2.537.667
Investment securities	420.810	315.734
Deposits in other banks	461.111	262.725
	4.000.347	3.116.126
Interest expense calculated using the effective interest method for:		
Customer deposits	(2.012.627)	(1.604.004)
Due to banks	(249.531)	(241.239)
	(2.262.158)	(1.845.243)
Net interest incomes	1.738.189	1.270.883

5. NET FEE AND COMMISSION INCOMES

	2023 LAKm	2022 LAKm
Fee and commission income from:		
Settlement services	582.628	421.069
Treasury activities	14.963	16.493
Other activities	327.442	76.256
	925.033	513.818
Fee and commission expense for:		
Settlement services	(110.122)	(57.119)
Treasury activities	(261.705)	(92.554)
	(371.827)	(149.673)
Net fee and commission incomes	553.206	364.145

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

	2023 LAKm	2022 LAKm
Gain from foreign currencies trading and revaluation of monetary items	15.392.519	19.843.888
Loss from foreign currencies trading and revaluation of monetary items	(15.001.593)	(19.882.042)
	390.926	(38.154)

7. OTHER OPERATING INCOMES

	2023 LAKm	2022 LAKm
Recovery of bad debts written off	429.990	79.983
Dividend income	1.918	1.918
Others	14.049	39.359
	445.957	121.260

8. PERSONNEL EXPENSES

	2023 LAKm	2022 LAKm
Salaries	179.493	175.210
Bonus and other allowances	169.167	131.925
Post-employment benefits expense	45.644	9.288
Other staff costs	5.230	12.826
	399.534	329.249

9. OTHER OPERATING EXPENSES

	2023 LAKm	2022 LAKm
Deposit Insurance paid to Depositor Protection Fund	90.619	66.506
Repair and maintenance	32.774	23.698
Stationery and office materials	25.531	19.473
Training, meeting and seminar	18.553	9.162
Utilities	12.817	9.085
Telecommunication	9.466	9.435
Insurance expense	9.416	6.885
Publication, marketing and promotion	9.037	5.052
Rental fee	6.759	7.533
Fuel expense	5.712	4.502
Consulting and financial service fees	1.709	2.783
Tax and other duties	1.406	2.019
Interest expense on lease liabilities	757	1.016
Other expenses	70.415	28.114
	294.971	195.263

10. CASH AND BALANCES WITH BANK OF THE LAO PDR ("THE BOL")

	2023 LAKm	2022 LAKm
Cash on hand in LAK	2.343.586	1.836.261
Cash on hand in foreign currencies ("FC")	2.827.492	2.003.515
Balances with the BOL:		
- Demand deposit	15.450.480	21.205.571
- Compulsory deposit (*)	6.228.255	2.196.153
- Term deposits	4.813.060	516.600
Accrued interest income	21.270	28.194
	31.684.143	27.786.294

Balances with the BOL include demand and compulsory deposits. These balances earn no interest.

- (*) Under regulations of the BOL, the Bank is required to maintain certain reserves with the BOL in the form of compulsory deposits, which are computed at 8,00% for LAK and 10,00% for foreign currencies, on a bi-weekly basis, (2022: 5,00% and 5,00%) of customer deposits having original maturities of less than 12 months. During the year, the Bank maintained its compulsory deposits in compliance with the requirements by the BOL. This restricted deposits with bank of the Lao PDR are not available for use in the Bank's day-to-day operations.

11. DUE FROM BANKS

	2023 LAKm	2022 LAKm
Current and saving accounts	11.804.977	7.033.415
- In LAK	10.945	255.257
- In foreign currencies	11.794.032	6.778.158
Term deposits	10.003.341	4.722.038
- In LAK	4.042.000	3.105.000
- In foreign currencies	5.961.341	1.617.038
Accrued interest income	156.037	100.266
	21.964.355	11.855.719

Interest rates for amounts due from other banks during the year are as follows:

	2023 % per annum	2022 % per annum
Demand deposits	0,15% - 1,20%	0,15% - 1,20%
Saving deposits	0,07% - 2,16%	2,16%
Term deposits	0,15% - 7,70%	2,00% - 7,50%

12. LOANS TO CUSTOMERS

	2023 LAKm	2022 LAKm
Gross loans	52.198.063	42.808.801
In which:		
Less: Allowance for impairment losses (Note 13)	(1.687.920)	(1.809.562)
Accrued interest income	3.382.213	6.236.133
	53.892.356	47.235.372

Interest rates for commercial loans during the year are as follows:

	2023 Interest rates % per annum	2022 Interest rates % per annum
Loans denominated in LAK	3,00% - 17,00%	5,00% - 16,00%
Loans denominated in USD	5,80% - 16,00%	4,99% - 16,00%
Loans denominated in THB	6,00% - 11,50%	6,00% - 11,50%

Analysis of loan portfolio by currency:

	2023 LAKm	2022 LAKm
Loans denominated in LAK	17.840.433	12.763.474
Loans denominated in USD	28.553.192	24.790.269
Loans denominated in THB	5.804.438	5.255.058
	52.198.063	42.808.801

12. LOANS TO CUSTOMERS (CONTINUED)

Analysis of loan portfolio by original maturity:

	2023 LAKm	2022 LAKm
Short-term loans	3.794.827	4.560.760
Medium-term loans	34.227.684	24.929.587
Long-term loans	14.175.552	13.318.454
	52.198.063	42.808.801

Analysis of loan portfolio by industrial sectors of customers:

	2023		2022	
	LAKm	%	LAKm	%
Industrial services companies	29.659.421	56,82%	23.252.832	54,32%
Services companies	5.587.391	10,71%	5.667.984	13,24%
Trading companies	6.507.353	12,47%	4.672.093	10,91%
Construction companies	6.354.360	12,17%	5.120.441	11,96%
Transportation companies	2.095.071	4,01%	1.751.815	4,09%
Technical instruments enterprises	1.017.387	1,95%	1.755.682	4,10%
Agricultural & forestry	235.490	0,45%	80.631	0,19%
Handicrafts	3.093	0,01%	2.830	0,01%
Others	738.497	1,41%	504.493	1,18%
	52.198.063	100,00%	42.808.801	100,00%

13. ALLOWANCE FOR IMPAIRMENT LOSSES OF LOANS TO CUSTOMERS

Changes in allowance for impairment losses of loans to customers during the year ended are as follows:

	2023 LAKm	2022 LAKm
Balance as at 1 January	1.809.562	1.457.635
Net change during the year	2.098.555	912.703
Non-performing loans written off	(2.365.211)	(904.200)
Foreign exchange differences	145.014	343.424
Balance as at 31 December	1.687.920	1.809.562

Breakdown of allowance for impairment losses of loans to customers as at 31 December are as follows:

	2023		2022	
	Outstanding balance LAKm	Impairment LAKm	Outstanding balance LAKm	Impairment LAKm
Individually impaired	6.484.088	1.388.525	5.764.485	1.586.358
Collectively impaired	45.713.975	299.395	37.044.316	223.204
	52.198.063	1.687.920	42.808.801	1.809.562

14. FINANCIAL INVESTMENTS - AVAILABLE-FOR-SALE

As at 31 December 2023, the shares have fair value of amount LAKm 87.822 (2022: LAKm 90.123).

15. FINANCIAL INVESTMENTS - HELD-TO-MATURITY

	2023 LAKm	2022 LAKm
Amortised cost of Treasury bills issued by the Ministry of Finance	4.237.005	855.777
Amortised cost of Bonds issued by the bank of Lao PDR	4.207.804	-
Amortised cost of Bonds issued by the Ministry of Finance	6.420.881	4.111.374
	14.865.690	4.967.151

15.1 Treasury bills issued by the Ministry of Finance

Term	Purchase date	Maturity date	CCY	Face value LAKm	Amortised cost LAKm	Interest rate per annum (nominal)
1 Year	17-Jul-23	17-Jul-24	LAK	617.983	617.733	5,80%
1 Year	12-Sep-23	12-Sep-24	LAK	1.000.000	999.658	5,80%
1 Year	17-Jul-23	17-Jul-24	USD	739.894	739.670	5,00%
1 Year	12-Sep-23	12-Sep-24	THB	1.271.020	1.270.695	5,00%
1 Year	28-Sep-23	28-Sep-24	THB	609.391	609.249	5,00%
				4.238.288	4.237.005	

15.2 Bonds issued by the Ministry of Finance and bank of Lao PDR

► Details of other bonds by contractual maturity date are as follows:

	2023		2022	
	Face value LAKm	Amortised cost LAKm	Face value LAKm	Amortised cost LAKm
Within 1 year	700.911	697.735	-	-
1 to 5 years	6.961.756	6.920.602	1.836.096	1.814.313
Over 5 years	3.124.876	3.010.348	2.359.536	2.297.061
	10.787.543	10.628.685	4.195.632	4.111.374

► Details of other bonds interest by contractual maturity date are as follows:

	2023 % per annum	2022 % per annum
Within 1 year	0,10%-5,80%	5,00%
1 to 5 years	0,10%-6,90%	3,80-6,95%
Over 5 years	5,50%-6,00%	4,00-6,00%

Other bonds refer to the bonds issued by the Ministry of Finance and the Bank of Lao PDR to settle the loans that the bank has provided to customers for the construction of government projects, as well as to settle loans guaranteed by the Ministry of Finance and the Bank of Lao PDR.

16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	LAKm
Balance as at 1 January 2023	691.081
Share of profit of associates and joint ventures	52.393
Invest in associates and joint ventures	12.000
Less: Dividends received during the year	(8.251)
Balance as at 31 December 2023	747.223

Investment in associates and joint ventures as at 31 December, and dividend income for the year ended 31 December were as follows:

	Ownership interest		Cost		Equity		Dividend income	
	2023	2022	2023	2022	2023	2022	2023	2022
	(%)		LAKm					
BCEL – Krung Thai Securities Company Limited	70	70	70.000	70.000	79.766	76.392	2.377	-
Lao Viet Joint Venture Bank	25	25	197.839	197.839	268.770	260.080	-	-
Banque Franco – Lao Limited	30	30	150.000	138.000	175.985	148.156	-	-
Lao China Bank Company Limited	39,87	39,87	151.458	151.458	196.535	181.030	-	4.808
Lao-Viet Insurance Joint Venture Company	35	35	9.168	9.168	16.453	17.549	5.874	1.076
Lao National Payment Network Company Limited	20	20	6.800	6.800	9.714	7.874	-	1.749
Total			585.265	573.265	747.223	691.081	8.251	7.633

- BCEL - Krung Thai Securities Company Limited is incorporated in the Lao PDR under the Business License No. 180-10 granted by the Investment Promotion Department of the Ministry of Planning and Investment of the Lao PDR on 14 December 2010. The company's principal activities are to provide brokerage services, proprietary trading, finance and securities investment advisory services, custody services, underwriting for share issues and other value-added services.
- Lao Viet Joint Venture Bank ("LVB") is incorporated in the Lao PDR with its head office located in Vientiane and engages in the provision of banking services. It is a joint venture with the Bank for Investment and Development of Vietnam, a state-owned commercial bank incorporated in the Socialist Republic of Vietnam. The joint venture was granted the banking license on 31 March 2000 by the Bank of the Lao PDR for a period of 30 years. In 2015, LVB increased its contributed capital to LAK 791.357.560.000. The Bank's ownership rate in LVB after the capital increase is 25% in accordance with Investment License No. 004-15/KH-DDT4 issued by Ministry of Planning and Investment on 24 August 2015, equivalent to LAKm 197.839.

16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

- Lao China Bank Company Limited ("LCNB") is incorporated in the Lao PDR and engages in the provision of banking services. It is a joint venture with Fudian Bank China, a state-owned commercial bank incorporated in China. The joint venture bank was granted the Banking Business Licence on 20 January 2014 by the Bank of the Lao PDR. In 2022, According to the updated business license No. 0839/ຈທວ, dated 26 April 2022, Lao China Bank Company Limited increased its share capital from 1.000 to 1.229 shares, but BCEL has consented to keep its ownership (490 shares) and no additional payment will be made for this capital increase. Another shareholder, "Fudian Bank Co., Ltd," is the only one who injects additional cash to increase the number of shares to 229 or 79.880 million LAK, causing BCEL's percentage of ownership to decline from 49.00% to 39.87%. As 31 December 2023, the total value of investment was LAKm 151.458.
- Banque Franco - Lao Limited ("BFL") is incorporated in the Lao PDR with its head office located in Vientiane and engages in the provision of banking services. It is a joint venture with Cofibred Company Frances De La Bred which is a state-owned bank incorporated in Paris, France. The joint venture was granted the temporary banking license on 01 October 2009 and a permanent license on 16 July 2010 by the Bank of the Lao PDR. The legal capital of BFL was USD 20 million which was later revised to USD 37 million in accordance with the President's decree issued on 24 September 2009 and letter No. 01/BOL dated 28 January 2010 from BOL. As 31 December 2023, the total contributed capital of the Bank in this company was LAKm 150.000 (2022: LAKm 138.000) and had been fully contributed in 2023.
- Lao-Viet Insurance Joint Venture Company ("LVI") is incorporated as a joint venture company in Lao PDR providing insurance service under the investment License No.077/08/FIMC issued by the foreign investment Management Committee on 09 June 2008. It is a joint venture with BIDV Insurance Joint Stock Corporation and Lao viet Joint venture Bank. As at 31 December 2023, the total contributed capital of the Bank in this company was USD 1.050.000, equivalent to LAKm 9.168 (2022: LAKm 9.168).
- Lao National Payment Network Company Limited (LAPNet) is incorporated in the Lao PDR under the Business License No. 0349 granted by the Department of Enterprise Registration and Management of the Ministry of Industry and Commerce of the Lao PDR on 12 March 2019 and engages in the provision of financial services. It is an association among Bank of the Lao PDR, Union Pay International, Lao Development Bank, Agriculture Promotion Bank, Joint Development Bank, Lao-Viet Bank, ST Bank, BIC Bank and the Bank. As 31 December 2023, the total value of investment was LAKm 34.000.

17. PROPERTY AND EQUIPMENT

	Construction in progress LAKm	Buildings & improvements LAKm	Office equipment LAKm	Furniture & fixtures LAKm	Motor vehicles LAKm	Total LAKm
At 1 January 2022						
Cost	102.991	541.374	283.694	37.510	25.179	990.748
Less: Accumulated depreciation	-	(236.413)	(169.387)	(28.009)	(16.614)	(450.423)
Net book amount	102.991	304.961	114.307	9.501	8.565	540.325
For the Year ended 31 December 2023						
Opening net book value	102.991	304.961	114.307	9.501	8.565	540.325
Additions	112.583	1.118	1.618	321	9	115.649
Transferred in/(out) (i)	(44.370)	17.296	18.695	2.125	176	(6.078)
Written-off net book value	-	(16)	(17)	(1)	-	(34)
Depreciation charge	-	(30.476)	(44.756)	(3.706)	(2.820)	(81.758)
Closing net book amount	171.204	292.883	89.847	8.240	5.930	568.104
At 31 December 2023						
Cost	171.204	556.973	303.787	36.680	25.365	1.094.009
Less: Accumulated depreciation	-	(264.090)	(213.940)	(28.440)	(19.435)	(525.905)
Net book value	171.204	292.883	89.847	8.240	5.930	568.104

(i) The transfer in(out) is included transfer the intangible assets which completed during the year LAKm 6.077 (Note 18)

18. INTANGIBLE ASSETS

	Land use rights LAKm	Software LAKm	Total LAKm
At 1 January 2023			
Cost	244.337	62.683	307.020
Accumulated amortisation	-	(23.735)	(23.735)
Net book amount	244.337	38.948	283.285
Year ended 31 December 2023			
Opening net book amount	244.337	38.948	283.285
Additions	44.229	-	44.229
Transfer in (i)	758	5.320	6.078
Amortisation charge	-	(11.858)	(11.858)
As at 31 December 2023	289.324	32.410	321.734
At 31 December 2023			
Cost	289.324	68.002	357.326
Accumulated amortisation	-	(35.592)	(35.592)
Net book amount	289.324	32.410	321.734

(i) Transfer in is included which included complete tangible asset transfer from property and equipment (Note 17)

19. RIGHT-OF-USE ASSETS

	Lands and buildings LAKm
As at 1 January 2023	
Cost	90.543
Accumulated depreciation	(38.515)
Net book amount	52.028
Accumulated depreciation:	
Opening balance	52.028
Additions	10.491
Written-off net book value	(445)
Depreciation charge	(8.574)
As at 31 December 2023	53.500
At 31 December 2023	
Cost	100.589
Accumulated depreciation	(47.089)
Net book value	53.500

20. OTHER ASSETS

	2023 LAKm	2022 LAKm
Assets available for sale (i)	1.459.456	358.864
Accrued interest income	232.405	104.679
Other assets awaiting account transfer or settlement (ii)	207.958	65.961
Advance for top-up (ii)	106.637	167.218
Stationeries and other tools	32.000	18.503
Prepaid expenses to be allocated	21.130	16.158
Advance payment to suppliers	8.749	3.302
Others	77.684	140.432
	2.146.019	875.117

- (i) Assets available for sale represent properties derived from the debtor who has given them to satisfy the bank's debt.
- (ii) Other assets awaiting account transfer or settlement represent transactions such as interbank transfers, card transactions processed through an inter-card center, or other financial activities. These transactions have been initiated but have not yet been fully settled and reconciled between different entities, awaiting settlement with a related entities.
- (iii) Advance for Top-up represent a payment made in advance for the purchase of a telephone network's call value for the purpose of providing a top-up service to the bank's customers.

21. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	2023 LAKm	2022 LAKm
Demand deposits	8.136.564	5.260.211
- In LAK	2.551.312	1.744.986
- In foreign currencies	5.585.252	3.515.225
Saving deposits	400.852	356.226
- In LAK	154.784	94.772
- In foreign currencies	246.068	261.454
Term deposits	881.074	975.367
- In LAK	201.536	238.485
- In foreign currencies	679.538	736.882
Others	40.130	17.718
- In LAK	40.130	17.689
- In foreign currencies	-	29
Accrued interest expense	4.497	29.661
	9.463.117	6.639.183

Interest rates for deposits from other banks and financial institutions during the year are as follows:

	2023 % per annum	2022 % per annum
Demand deposits	0,00% - 0,30%	0,00% - 0,30%
Saving deposits	No interest	No interest
Term deposits	0,56% - 6,65%	0,56% - 6,65%

22. DUE TO CUSTOMERS

	2023 LAKm	2022 LAKm
Demand deposits	16.773.450	10.938.271
Demand deposits in LAK	4.990.191	4.438.412
Demand deposits in FC	11.783.259	6.499.859
Saving deposits	59.829.971	42.874.328
Saving deposits in LAK	23.183.532	17.924.403
Saving deposits in FC	36.646.439	24.949.925
Term deposits	31.394.673	26.007.200
Term deposits in LAK	9.082.106	8.885.920
Term deposits in FC	22.312.567	17.121.280
Margin deposits	210.254	370.732
Margin deposits in LAK	32.218	290.574
Margin deposits in FC	178.036	80.158
Others	375.193	139.691
Accrued interest expense	888.176	663.849
	109.471.717	80.994.071

The interest rates during the year for these deposits are as follows:

	2023 % per annum	2022 % per annum
Demand deposits	No interest	No interest
Saving deposits in LAK	1,25% - 1,89%	1,25% - 1,75%
Saving deposits in USD	0,90% - 1,15%	0,60% - 1,00%
Saving deposits in THB	0,45% - 0,70%	0,45% - 0,55%
Term deposits in LAK	3,16% - 12,15%	3,16% - 12,50%
Term deposits in USD	1,65% - 7,75%	1,65% - 7,75%
Term deposits in THB	1,10% - 7,75%	1,40% - 7,75%

23. BORROWINGS FROM OTHER BANKS

	2023 LAKm	2022 LAKm
Borrowings from the BOL	4.257.910	3.614.601
Borrowings from other	62.260	21.000
Accrued interest expense	58.224	470.182
	4.378.394	4.105.783

	2023 LAKm	2022 LAKm
Current borrowings	94.589	3.841.066
Non-current borrowings	4.283.805	264.717
	4.378.394	4.105.783

23. BORROWINGS FROM OTHER BANKS (CONTINUED)

Borrowings from the BOL as at 31 December 2023 include:

- ▶ USD 97.854.000 long-term borrowing (original borrowing amount was USD 100.000.000 with interest rate of 5,50% per annum) for the purpose of providing credit to certain Government-backed Hydropower projects. The loan's contract has period from 27 August 2015 to 27 August 2025. Interest is paid quarterly.
- ▶ USD 97.900.000 long-term borrowing (original borrowing amount was USD 100.000.000 with interest rate of 5,30% per annum) for the purpose of providing credit to certain Government-backed Hydropower projects. The loan's contract has period from 3 May 2016 to 3 May 2026. Interest is paid quarterly.
- ▶ LAK 4.050.000.000 long-term borrowing (credit line was LAK 4.050.000.000 with interest rate of 3% per annum) for the purpose of providing credit to medium and small corporates who got effected from COVID-19 according to the BOL regulation No.318/BOL dated 19 May 2020. The loan's principal is paid by 3 times such as first-time repayment in 2024 for loan principal is 30%, second time repayment in 2025 for loan principal is 30%-, and third-time repayment in 2026 for loan principal is 40%. Interest is paid two time per year (June and December). This borrowing period is started from 18 August 2020 to 18 August 2026.
- ▶ LAK 4.116.657.000 long-term borrowing (credit line was LAK 4.200.000.000 with interest rate of 3% per annum) for the purpose of providing credit to medium and small corporates who got effected from COVID-19 according to the BOL regulation No.318/BOL dated 19 May 2020. The loan's principal is paid by 3 times such as first-time repayment in 2024 for loan principal is 30%, second time repayment in 2025 for loan principal is 30%-, and third-time repayment in 2026 for loan principal is 40%. Interest is paid two time per year (June and December). This borrowing period is started from 3 November 2020 to 3 November 2026.
- ▶ LAK 3.000.000.000 long-term borrowing (credit line was LAK 3.080.000.000 with interest rate of 3% per annum) for the purpose of providing credit to medium and small corporates who got effected from COVID-19 according to the BOL regulation No.318/BOL dated 19 May 2020. The loan's principal is paid by 3 times such as first-time repayment is in 2024 for loan principal 30%, second time repayment is in 2025 for loan principal 30%-, and third-time repayment is in 2026 for loan principal 40%. Interest is paid two time per year (June and December). This borrowing period is started from 22 December 2020 to 22 December 2026.
- ▶ LAK 10.050.000.000 long-term borrowing (credit line was LAK 15.050.000.000 with interest rate of 3% per annum) for the purpose of providing credit to medium and small corporates who got effected from COVID-19 according to the BOL regulation No.318/BOL dated 19 May 2020. The loan's principal is paid by 3 times such as first-time repayment is in 2025 for loan principal 30%, second time repayment is in 2026 for loan principal 30%-, and third-time repayment is in 2027 for loan principal 40%. Interest is paid two time per year (June and December). This borrowing period is started from 15 March 2021 to 15 March 2027.
- ▶ LAK 110.000.000.000 long term borrowing (credit line was LAK 110.000.000.000 with interest rate of 3% per annum) for the purpose of providing credit to medium and small corporates who got effected from COVID-19 according to the BOL regulation No.318/BOL dated 19 May 2020. The loan's principal is paid by 2 times such as first-time repayment is in 2026 for loan principal 40%- and second-time repayment is in 2027 for loan principal 60%. Interest is paid two time per year (June and December). This borrowing period is started from 3 November 2022 to 3 November 2027.

23. BORROWINGS FROM OTHER BANKS (CONTINUED)

- ▶ LAK 120.000.000.000 long term borrowing (credit line was LAK 120.000.000.000 with interest rate of 3% per annum) for the purpose of providing credit for the company to capital of investment to develop medical technology and medicine (Purchase the production equipment, raw material for use in production and use to develop staff and investment construction the factory building). The loan's principal is paid by 4 times by repayment each year is 25% such as first-time repayment is in 2025. Interest is paid quarterly. This borrowing period is started from 27 December 2021 to 27 December 2028.

Borrowings from other as at 31 December 2023 include:

- ▶ LAK 21.000.000.000 long term borrowing (Credit line was LAK 21.00.000.000 with interest rate of 0%) for the purpose of providing credit for the enterprises, small and medium corporates that Lao own 100% to continue or expands their business. The loan principal is paid after the end of contract and the borrowing period is started from 6 December 2022 to 6 December 2033.
- ▶ LAK 30.260.000.000 long term borrowing (Credit line was LAK 30.260.000.000 with interest rate of 0%) for the purpose of providing credit for the enterprises, small and medium corporates that Lao own 100% to continue or expands their business. The loan principal is paid after the end of contract. This borrowing period is started from 13 December 2023 to 20 October 2034.
- ▶ LAK 11.000.000.000 long term borrowing (Credit line was LAK 11.000.000.000 with interest rate of 0%) for the purpose of providing credit for the enterprises, small and medium corporates that Lao own 100% to continue or expands their business. The loan principal is paid after the end of contract. This borrowing period is started from 28 December 2023 to 08 December 2034.

24. TAXATION

24.1 Income tax expense

Major components of tax expense are as follows:

	2023 LAKm	2022 LAKm
Current income tax expense	(40.272)	(48.184)
Deferred tax income	(11.440)	79.295
Total tax expense for the year	(51.712)	31.111

24. TAXATION (CONTINUED)

24.2 Current profit tax ("PT")

The Bank is obliged to pay tax at a rate of 20% (2022: 20%) on total profit before tax in accordance with the Tax Law.

The calculations of Profit tax for the years 2023 and 2022 are as follows:

	2023 LAKm	2022 LAKm
Profit before tax	283.120	197.079
<i>Adjustments for:</i>		
- Amortisation of financial investment – hold to maturity	3.176	3.077
- Amortisation of loans to customers	138.126	(281.447)
- Impairment losses of loans to customers	(32.319)	261.433
- Defined post-employment benefits plan obligation expense	(2.245)	(6.855)
- Non-taxable profit from investment in associates and joint ventures using the equity method	(44.142)	(29.266)
Profit before tax in accordance with the relevant regulations and notifications of the Bank of Lao People's Democratic Republic	345.716	144.021
Tax rate at 20% (2022: 20%)	69.143	28.804
<i>Tax effect of:</i>		
- Income exempted from PT	(3.019.740)	(3.924.746)
- Non-deductible expenses	2.988.058	3.942.513
- Other adjustments	2.811	1.613
Current income tax expense	40.272	48.184

Presented below is the numerical reconciliation between current tax expense and income benefit:

	2023 LAKm
Profit before tax	283.120
Tax rate 20%	56.624
<i>Tax effect of:</i>	
Tax effects of non-deductible expenses	3.030.026
Tax effects of non-taxable income	(3.037.749)
Other adjustment	2.811
Income tax expense	51.712

	2023 LAKm	2022 LAKm
Total tax expense in the year	40.272	48.184
Payable at the beginning of the year	21.907	(24.015)
Paid in the year	(34.725)	(2.262)
PT payable at the end of the year	27.454	21.097

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 separate financial statements could be changed at a later date upon final determination by the tax authorities.

24. TAXATION (CONTINUED)

24.3 Deferred tax assets/(liabilities)

	Statement of financial position		Statement of income		Statement of comprehensive income	
	2023 LAKm	2022 LAKm	2023 LAKm	2022 LAKm	2023 LAKm	2022 LAKm
Deferred tax assets	140.398	121.615	18.783	77.522	-	211
Deferred tax liabilities	(37.585)	(5.095)	(30.223)	1.773	(2.267)	-
Deferred tax assets, net	102.813	116.520				
Net deferred tax credited/(charged) to the statement of income			(11.440)	79.295		
Net deferred tax credited to the statement of comprehensive income					(2.267)	211

25. OTHER LIABILITIES

	2023 LAKm	2022 LAKm
Other liabilities awaiting account transfer or settlement	250.712	163.936
Defined post-employment benefit plan obligations	63.216	75.310
Other tax payable	53.007	55.238
Payables to employees	34.357	13.347
Payable to suppliers	34.354	26.643
Others	50.482	13.084
	486.128	347.558

Changes in defined post-employment benefit plan obligations are as follows:

	2023 LAKm	2022 LAKm
As at 1 January	75.310	70.026
Current service cost	3.146	4.355
Interest cost	4.080	4.933
Actuarial changes arising from changes in financial assumption	(11.334)	1.053
Benefits paid	(7.986)	(5.058)
As at 31 December	63.216	75.310

Net benefit expense (recognised in profit or loss):

	2023 LAKm	2022 LAKm
Current service cost	3.146	4.355
Interest cost	4.080	4.933
	7.226	9.288

25. OTHER LIABILITIES (CONTINUED)

The principal assumptions used in determining post-employment benefit obligations for the Bank's plans are shown below:

	2023 %	2022 %
Discount rate	5,00 – 8,00	5,00 – 10,40
Future salary increases	2,35	0,91
Employee turnover rate	2,91	4,24

A quantitative sensitivity analysis for significant assumptions as at 31 December is, as shown below:

	2023 LAKm	2022 LAKm
Discount rate		
increase 50 basis points	(3.214)	(4.432)
decrease 50 basis points	3.476	4.832
Future salary increases		
increase 50 basis points	5.283	5.154
decrease 50 basis points	(5.729)	(4.745)

26. SHARE CAPITAL

The total number of authorized share capital is 207.723.300 shares (2022: 207.723.300 shares) with a par value of LAK 5,000 per share (2022: LAK 5,000 per share). All issued shares are fully paid.

27. STATUTORY RESERVES

	Regulatory reserve fund LAKm	Business expansion fund and other funds LAKm	Total LAKm
As at 31 December 2021	228.135	603.532	831.667
Appropriation to reserves for the year 2021	496	4.472	4.968
As at 31 December 2022	228.631	608.004	836.635
Appropriation to reserves for the year 2022	9.583	65.483	75.066
As at 31 December 2023	238.214	673.487	911.701

28. ADDITIONAL CASH FLOW INFORMATION

Cash and cash equivalents included in the separate statement of cash flows comprise the following separate statement of financial position amounts:

	2023 LAKm	2022 LAKm
Demand deposits with the BOL	15.450.480	21.205.571
Current accounts with other banks	11.804.977	7.033.415
Cash and cash equivalents on hand	5.171.078	3.839.776
Term deposit due within 90 days	5.166.610	3.636.308
	37.593.145	35.715.070

29. CONTINGENT LIABILITIES AND COMMITMENTS

	2023 LAKm	2022 LAKm
Un-drawn commitments to lend for customers (ii)	8.425.014	2.890.791
Un-drawn commitments to lend for other banks (ii)	36.000	-
At sight letters of credit	1.241.528	796.757
Letter of credit and bank guarantees (i)	574.835	698.175
	10.277.377	4.385.723

(i) Letter of credit and bank guarantees

Letters of credit guarantees (including standby letters of credit) and acceptances commit the Bank to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of the contract. Guarantees and standby letters of credit carry the same credit risks as loans. Credit guarantees can be in the form of bills of exchange or in the form of irrevocable letters of credit, advance payment guarantees, and endorsement liabilities from bills discounted.

(ii) Un-drawn commitments to lend

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiry dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements. However, the potential credit loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

30. RELATED PARTY DISCLOSURES

Significant transactions with other related parties during the year 2023 are as follows:

a) Parent entity

The Bank is controlled by the following entity

Name	Type	Place of incorporation
The Ministry of Finance of Lao PDR ("MOF")	Parent	Lao PDR

The remaining 40% of the shares is widely held.

b) Transaction with related parties

Transactions with related parties are as follows:

	2023 LAKm	2022 LAKm
Interest and similar incomes		
Parent entity	513.795	293.105

c) Outstanding balances of significant related party

The outstanding balances at the end of the period ended in relation to transactions with related parties are as follows:

	2023 LAKm	2022 LAKm
Due from banks		
Joint venture and Associates	2.978.124	1.674.875
Financial investments - Held-to-maturity		
Parent entity	15.025.830	5.015.632
Other assets		
Parent entity	233.527	104.679
Joint venture and Associates	5.020	5.249
Due to banks and other financial institutions		
Joint venture and Associates	2.175.996	2.008.538

d) Key management compensation

Key management includes member of the board of director and board of management.
The compensation paid or payable to key management are as follows:

	2023 LAKm	2022 LAKm
Salaries and other short-term	3.055	2.807

31. EARNINGS PER SHARE

	2023	2022
Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the bank (LAKm)	231.408	228.190
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share (Shares)	207.723.300	207.723.300
Total basic earnings per share attributable to the ordinary equity holders of the bank (LAK)	1.114	1.099

32. DIVIDENDS

The Annual General Meeting of shareholder held on 27 April 2023, approved the payment of annual dividend from net profit for the year ended 31 December 2022 at LAK 100 per share, totaling LAK 20.771 million. The dividend was paid on 12 May 2023.

33. RISK MANAGEMENT POLICIES

Introduction

Risk is inherent in the Bank's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities.

The primary objective of the Bank in risk management is to comply with the BOL regulations. On the other hand, the Bank has recognised the importance of meeting international best practices on risk management. The Board of Directors and Board of Management, with support from an Asset and Liability Management Committee, are in the process of formulating broad parameters of acceptable risk for the Bank and monitor the activities against these parameters.

The Board has appointed the Asset and Liability Management Committee which has the responsibility to monitor the overall risk process within the Bank.

The Bank is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to various operating risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Bank's policy is to monitor those business risks through the Bank's strategic planning process.

Risk management structure

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Asset and Liability Management Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk-Compliance Department is responsible for managing risk decisions and monitoring risk levels and reports to the Board of Directors.

33. RISK MANAGEMENT POLICIES (CONTINUED)

Introduction (continued)

The Bank's policy is that risk management processes throughout the Bank are audited annually by the Internal Audit function, which examines both the adequacy of the procedures and the Bank's compliance with the procedures. Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Audit Committee.

34. EVENTS AFTER THE REPORTING DATE

Dividend payment approval

At the Board of Directors' meeting No.009/BCEL.BOD held on 22 March 2024, the Board of Directors approved a dividend payment in respect of net profit for the year of LAK 300 per share, amounting to a total of LAK 62.317 million.

This approved dividend will be paid on 14 May 2024

35. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST LAK AT YEAR END

	2023 LAK	2022 LAK
USD	20.468,00	17.220,00
EUR	22.603,00	18.287,00
THB	635,51	498,22
GBP	25.723,00	20.593,00
JPY	144,10	129,82
AUD	13.871,00	11.558,00
CNY	2.954,00	2.456,00

X. Branches and Service Units

1. Head Office and Branches

As of 31/12/2023, BCEL has 1 Head Office and 20 Branches overall the country as follows:

No.	Office Names	Address		Telephone	FAX
		Village	District		
	Head Office	Xieng Nheun	Chanthabouly	021 213200	021 213202
1	Phonhong Branch	Phonhong	Phonhong	023 212179	021 212178
2	Khammouane Branch	ChomThong	Thakhek	051 212686	051 214409
3	Savannakhet Branch	Sounantha	Khanthabouly	041 212261	041 212723
4	Champasak Branch	Phatthana lakmeuang	Pakse	031 212770	031 212974
5	Luangprabang Branch	Phonphaeng	Luangprabang	071 252814	071 260598
6	Oudomxay Branch	Nawanoy	Xay	081 211260	081 211262
7	Luangnamtha Branch	Phonxay	Luangnamtha	086 211316	086 211319
8	Attapeu Branch	Phonsavang	Samakkhixay	036 211919	036 211939
9	Vientiane Capital Branch	Thongkhankham	Chanthabouly	021 213205	021 219765
10	Bokeo Branch	Oudom	Huayxai	084 212162	084 212170
11	Sayaburi Branch	Simeuang	Sayabouly	074 260038	074 260038
12	Xieng Khouang Branch	Phonsavanh Tai	Paek	061 213097	061 213293
13	Vang Vieng Branch	Savang	Vang Vieng	023 511434	023 511403
14	Bolikhamxay Branch	Phonxay Neua	Paksan	054 280112	054 790918
15	Dongdok Branch	Khamhoung	Xaythany	021 771495	021 771496
16	Huaphan Branch	Phanxay	Xamneua	064 312090	064 312178
17	Phongsaly Branch	Phon Home	BounNeua	088 210222	-
18	Xekong Branch	Mai Huameuang	Lamam	038 211687	038 211689
19	Salavan Branch	KM2	Salavan	034 260016	034 212037
20	Saysettha Branch	Sibounheuang	Chanthabouly	021 844200	021 844209

2. Service Units

As of 31/12/2023, BCEL has 99 Service Units overall the country as follows:

No.	Office Names	Address and Contact				
		Supervisor	Village	District	Telephone	FAX
1	Toulakhom Service Unit	Phonhong Branch	Phonhae	Thoulakhom	023-241515	023-241516
2	Keo Udom Service Unit	Phonhong Branch	Thinkeo	Keo'Udom	023-400242	023-400241
3	Km 52 Service Unit	Phonhong Branch	Phonkham Tai	Phonhong	023-331809	023-331810
4	Xanakham Service Unit	Phonhong Branch	Sanakhaam	Sanakhaam	023-600001	023-600002
5	Gnommalath Service Unit	Khammouane Branch	Donpeuai	Gnommalath	030-620220	030-620220
6	Nongbok Service Unit	Khammouane Branch	Nongbok	Khammouane	051-270339	051-270339
7	Hin Boun Service Unit	Khammouane Branch	Khamkeo	Hinboun	051-214520	051-214520
8	Naphao Service Unit	Khammouane Branch	Langkhang	Bualapha	030 4823708	
9	Souksomboun Service Unit	Khammouane Branch	Souksavan	Thakhaek	051-214251	051-214252
10	Khounkham Service Unit	Khammouane Branch	Khounkham	Khounkham	051-214689	051-214679
11	Xebangfai Service Unit	Khammouane Branch	Khuaxe	Xebangfai	051-260144	051-260144
12	Seno Service Unit	Savannakhet Branch	Seno	Outhoum phone	041-431432	041-431433
13	Meuang Songkhone Service Unit	Savannakhet Branch	Lattanasay	Songkhone	041-530372	041-530373
14	Meuang Artsaphang thong Service Unit	Savannakhet Branch	Donghen	Artsaphang thong	041-600171	041-600172
15	Meuang Vilabuly Service Unit	Savannakhet Branch	Boungkham	Vilabuly	030 9428808	
16	Meuang Kaisone Service Unit	Savannakhet Branch	Oudomvilay	Kaisone	041-252640	041-252641
17	Meuang Phin Service Unit	Savannakhet Branch	Pasomxay	Meuang Phin	041-259014	041-259013
18	35km Service Unit	Savannakhet Branch	Meuang Champhone PTT Station	Meuang Champhone	0304447162	-
19	Dongdamduan Service Unit	Savannakhet Branch	Dongdamduan	Kaisone	030 5285592	-
20	Laobao Border Service Unit	Savannakhet Branch	Laobao Border	Sepon	030 9851115	-
21	New Market Pakse Service Unit	Champasak Branch	Phonkoun	Pakse	031-251270	031-251270
22	Thahin Service Unit	Champasak Branch	Phatthanasaphanxay	Pakse	031-410399	031-410399
23	Paksong Service Unit	Champasak Branch	Huaybang liang	Paksong	031-211047	031-211047

24	Khong District Service Unit	Champasak Branch	Nakaxang	Khong	030 9864269	
25	Km 8 Service Unit	Champasak Branch	Huaxae	Bachiang	031-251977	031-212934
26	Sabaidee Market Service Unit	Champasak Branch	Keosamphan	Pakse	031-260246	031-260248
27	CSC Service Unit	Champasak Branch	Chatsan	Pakse	031-256262	
28	Thongchaleun Service Unit	Luangprabang Branch	Thongchaleun	Luangprabang	071-260639	071-260638
29	Phosy Market Service Unit	Luangprabang Branch	Phosy	Luangprabang	071-260728	071-260729
30	Meuang Naan Service Unit	Luangprabang Branch	Paphai	Nan	071-450277	071-450278
31	Meuang Ngoiy Service Unit	Luangprabang Branch	Nongkhiew	Ngoi	071-810111	071-810110
32	Xangkhong Service Unit	Luangprabang Branch	Xangkhong	Luangprabang	071-410151	071-410152
33	Naviengkham Service Unit	Luangprabang Branch	Naviengkham	Luangprabang	071-260884	071-260885
34	Namthouam Service Unit	Luangprabang Branch	Namthouam Tai	Nambak	071-219045	071-219046
35	Meuang Xiengngeun Service Unit	Luangprabang Branch	Pakvaed	Xiengngeun	071-450113	071-450114
36	Meuang Houn Service Unit	Oudomxay Branch	Phonsavath	Houn	081-213011	081-213010
37	Namor Service Unit	Oudomxay Branch	Huay one	Namor	081-218009	081-218008
38	Nong Mengda Service Unit	Oudomxay Branch	Nong Maengda	Xay	081-312605	081-312606
39	Pakbeng Service Unit	Oudomxay Branch	Kokkhor	Pakbeng	081-214031	081-214030
40	Boten Service Unit	Luangnamtha Branch	Bopiat	Boten	086-263009	086-263009
41	Meuang Sing Service Unit	Luangnamtha Branch	Xiengchai	Sing	086-400037	086-400037
42	Meuang Long Service Unit	Luangnamtha Branch	Chomchaeng	Long	030 5734998	086 5000011
43	Borten Dangnam Service Unit	Luangnamtha Branch	Boten Special Economic Zone	Luangnamtha		
44	Usahakham Market Service Unit	Luangnamtha Branch	Nongbauvieng	Luangnamtha	086-260017	
45	Saysettha Atp Service Unit	Attapeu Branch	Fangdaeng	Saysettha (Atp)	030 5212221	036 213111
46	Sanamxay District Service Unit	Attapeu Branch	Yai-mitsamphan	Sanamxay	030 4536438	
47	Morning Market Service Unit	Vientiane Branch	Hadsady	Chanthabuly	021-216855	021-213206
48	Sikhay Service Unit	Vientiane Branch	Sikhai	Sikhottabong	021-217901	021-217900
49	Chomphet Service Unit	Vientiane Branch	Chomphet	Sisattanak	021-353290	021-353240
50	Nongduang Service Unit	Vientiane Branch	Nongduang	Sikhottabong	021-253483	021-253481

51	World Trade Center Service Unit	Vientiane Branch	Nongchan	Sisattanak	021-229120	021-229121
52	Sang Jiang Service Unit	Vientiane Branch	Wattay Noi	Sikhottabong	021-520502	021-520502
53	Vehicle Registration and Driving License Service Unit	Vientiane Branch	Phonsavath	Sikhottabong	021-670570	021-670570
54	Kokpho Market Service Unit	Vientiane Branch	Wattaiyyai	Sikhottabong	021 256271	
55	SDZ Service Unit	Vientiane Branch	Nano	Saysettha	0305116080	
56	Meuang Tonpheung Service Unit	Bokeo Branch	Tonpheung	Tonpheung	084-213015	084-213015
57	Huay Xai Service Unit	Bokeo Branch		Huay Xai	084-215027	084-215027
58	Gloden Triangle Service Unit	Bokeo Branch	Golden Triangle Special Economic Zone	Tonpheung	084 212044	
59	Paklai Service Unit	Xayabouly Branch	Sisa'Ath Somphu	Sayabouly	074-550051	074-550053
60	Keinthao Service Unit	Xayabouly Branch	Chomphet	Kenthao	074-600003	074-600004
61	Hongsa Service Unit	Xayabouly Branch	Phonsa'Ath	Hongsa	074-266011	074-266012
62	Meuangphieng Service Unit	Xayabouly Branch	Viengchaleun	Meuang Phieng	074-212148	074-212149
63	Namngam Service Unit	Xiengkhouang Branch	Namngam	Paek	061-260013	061-260011
64	Meuang Kham Service Unit	Xiengkhouang Branch	Chomthong	Kham	061-263004	061-263005
65	Phonesavan Market Service Unit	Xiengkhouang Branch	Phonsavan Tai	Paek	061-260018	061-260020
66	Meuang khoun Service Unit	Xiengkhouang Branch	Siphom	Khoun	061-214032	061-214032
67	Xaysomboun Service Unit	-	Phouhuaxang	Anouvong	026-210097	026-210100
68	Kasy Service Unit	Vangvieng Branch	Viengkeo	Kasy	023-700333	023-700123
69	Meuang Feuang Service Unit	Vangvieng Branch	Laokham	Meuang Feuang	023-650063	023-650023
70	Lakxao Service Unit	Bolikhamxay Branch	Km 20	Khamkeut	054-341622	054-341621
71	Thang Beng Lak 20 Service Unit	Bolikhamxay Branch	Viengkham	Pakkading	054-700013	054-700012
72	Naxaythong Service Unit	Dongdok Branch	Dongluang	Naxaythong	021-633020	021-633019
73	Nong Nieng Service Unit	Dongdok Branch	Nongnieng	Saysettha	021-720515	021-720516
74	NUOL Service Unit	Dongdok Branch	Dongdok	Xaythany	021-740828	021-740829
75	Tha Ngon Service Unit	Dongdok Branch	Tharsavang	Xaythany	021-752326	021-752321

76	Donenoon Service Unit	Dongdok Branch	Donenoon	Xaythany	021-740318	021-740319
77	Houayhong Service Unit	Dongdok Branch	Houayhong	Chanthabuly	021-566014	021-566015
78	Km 7 Service Unit	Dongdok Branch	Km 7	Xaythany	021-848888	021-850119
79	Dongchong Service Unit	Dongdok Branch	Dongchong	Saysettha	021-456244	021463245
80	Haynumyen Service Unit	Dongdok Branch	Haynumyen	Naxaythong	030-618848	
81	Ban Hai Park Gnem Service Unit	Dongdok Branch	Hai	Park Ngem	030-9219580 030-9219498	
82	Sob Bao Service Unit	Houaphan Branch	Sob Bao	Sob Bao	064-314388	064-314370
83	Meuang Sam Market Service Unit	Houaphan Branch	Nathongchong	Sam Neua	064-312116	064-312177
84	Meuang Viengxay Service Unit	Houaphan Branch	Nakai	Viengxay		
85	Bountai Service Unit	Phongsaly Branch	Phonthong	Bountai	088-210875	088-210875
86	Phoufa Service Unit	Phongsaly Branch	Phoufa	Phongsaly	088 210224	088 210875
87	Meuang Khoua Service Unit	Phongsaly Branch	Phonxay	Khoua	088-210944	088-210944
88	Thateng Service Unit	Xekong Branch	Huayxay	Thateng	038-210049	038-210050
89	Darkcheung Service Unit	Xekong Branch	Nonsavan	Darkcheung	038-215050	038-215050
90	Lao Ngam Service Unit	Salavan Branch	Laongam	Lao Ngam	034-300230	034-300230
91	Khongsedone Service Unit	Salavan Branch	Khong Khoum 5	Khongsedone	034-411422	034-411422
92	Saphanthong Service Unit	Saysettha Branch	Saphanthong	Sisattanak	021-417720	021-417721
93	Nonghai Service Unit	Saysettha Branch	Nonghai	Hadxayfong	021-330723	021-330722
94	Lao-Thai Bridge Service Unit	Saysettha Branch	Dongphosy	Hadxayfong	021-812041	021-812041
95	LSX Service Unit	Saysettha Branch	Phonthan Neua	Saysettha	021-265477	021-265488
96	ITECC Service Unit	Saysettha Branch	Phonthan	Saysettha	021-419144	021-419144
97	Thanaleng Service Unit	Saysettha Branch	Thanaleng	Hadxayfong	021-832226	021-832226
98	Phonphanao Service Unit	Saysettha Branch	Phonphanao	Saysettha	030 9532940	
99	Hong Kae Service Unit (Saysettha + Thatluang)	Saysettha Branch	Hong Kae	Saysettha	021-265885	021-265882

3. Money Changers

As of 31/12/2023, BCEL has 12 money changers as follows:

No.	Names of Service Units	Address and Contact				
		Supervisor	Village	District	Telephone	FAX
1	Chao Anouvong Money Changers	Head Office	Xieng Nheun	Chanthabuly	021 264395	021 264395
2	Wattay International Airport Money Changers	Head Office	Meuang Vathong	Sikhottabong	021 512208	021 512208
3	Lao-Thai Freindship Bridge I Money Changers	Saysettha Branch	Dongphosy	Hadxayfong	021 820488	
4	Lao-Thai Freindship Bridge II Money Changers	Savannakhet Branch	Nakae	Kaisone Phomvihane	030 9874640	
5	Lao-Thai Freindship Bridge III Money Changers	Khammouane Branch	Veun	Thakhek	051 620334	051 620334
6	Lao-Thai Freindship Bridge IV Money Changers	Bokeo Branch	Done	Huayxai	084 216060	
7	Savannakhet Branch Office Money Changers	Savannakhet Branch	Sounantha	Khanthabuly	041 212261	041 212723
8	SENO Market Money Changers	Savannakhet Branch	Seno	Outhoumphon e	041 431432	041 431433
9	Champasack Branch Office Money Changers	Champasack Branch	Phatthanalak meuang	Pakse	031 213676	031 213676
10	Luangnamtha Branch Office Money Changers	Luangnamtha	Phonexay	Luangnamtha		
11	VangVieng Branch Office Money Changers	VangVieng Branch	Sengsavang	VangVieng	023 511434	023 511403
12	Udomxay Branch Office Money Changers	Udomxay Branch	Nawannoy	Xay	081 211163	

4. BCOME Agents

As of 31/12/2023, BCEL has 656 agents for the BCEL's Community Money Express (BCOME) as follows:

No.	Province	Number of BCOME Agents
1	Vientiane Capital City	220
2	Vientiane	73
3	Bolikhamxay	20
4	Khammouane	34
5	Savannakhet	74
6	Champasack	41

No.	Province	Number of BCOME Agents
10	Xaysomboun	15
11	Luangprabang	41
12	Xayabouly	26
13	Luangnamtha	4
14	Bokeo	21
15	Xiengkhouang	13

7	Xekong	6
8	Attapeu	13
9	Salavan	26

16	Oudomxay	15
17	Houaphan	9
18	Phongsaly	8

XI. Awards and Recognition

In 2023, BCEL received outstanding awards as follows

➤ Lao Business Leader Award 2022.



➤ Received 4 honorable awards from VISA Client Forum 2023:

- ① Leadership in Cross-border Payment Volume 2023,
- ② Leadership in Merchant Sales Volume 2023,
- ③ Leadership in Excellent for Card-Present Approval Rate 2023, and
- ④ Leadership in Payment Volume 2023.





XII. Correspondent Banks

Currency	Bank Name	Country	SWIFT Code
AUD			
1	SWIFT AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED (AUD)	AUSTRALIA	ANZBAU3MXXX
CNY			
1	SWIFT FUDIAN BANK CO., LTD (CNY)	CHINA	KCCBCN2KXXX
2	SWIFT INDUSTRIAL AND COMMERCIAL BANK OF CHINA (CNY)	CHINA	ICBKCNBJXXX
3	SWIFT STANDARD CHARTERED BANK HONGKONG (CNY)	HONG KONG	SCBLHKHHXXX
4	SWIFT YUNNAN MENGLA RURAL COMMERCIAL BANK	CHINA	YNRCCNBKXXX
5	KUNMING GUANDU RURAL COOPERATIVE BANK	CHINA	YNRCCNBKXXX
6	INTERNATIONAL FUND TRANSFER VIA WECHAT	CHINA	NONE
7	CREDIT BANK OF MOSCOW (MKB)		MCRBRUMMXXX
EUR			
1	SWIFT STANDARD CHARTERED BANK GERMANY BRANCH (EUR)	GERMANY	SCBLDEFXXX
2	SWIFT CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK (CACIB)	FRANCE	BSUIFRPPXXX
3	SWIFT WELLS FARGO BANK, N.A., LONDON BRANCH (EUR)	UNITED KINGDOM	PNBPGB2LXXX
4	SWIFT COMMERZBANK AG (EUR)	GERMANY	COBADEFFXXX
5	SWIFT SOCIETE GENERALE	FRANCE	SOGEFRPPXXX
GBP			
1	SWIFT STANDARD CHARTERED BANK LONDON (GBP)	UNITED KINGDOM	SCBLGB2LXXX
JPY			
1	SWIFT MUFG BANK.,LTD	JAPAN	BOTKJPJTXXX
2	SWIFT STANDARD CHARTERED BANK TOKYO	JAPAN	SCBLJPJTXXX
3	SWIFT MIZUHO CORPORATE BANK, LTD. (CURRENT JPY)	JAPAN	MHCBJPJTXXX
THB			
1	SWIFT STANDARD CHARTERED BANK (THAI) PCL BANGKOK (SAVING THB)	THAILAND	SCBLTHBXXXX
2	TMBTHANACHART BANK PUBLIC COMPANY LIMITED NONGKAI (SAVING THB)	THAILAND	TMBKTHBKXXX
3	SWIFT TMBTHANACHART BANK PUBLIC COMPANY LIMITED BANGKOK (SAVING THB)	THAILAND	TMBKTHBKXXX
4	SWIFT CIMB THAI BANK PUBLIC COMPANY LIMITED BANGKOK (SAVING THB)	THAILAND	UBOBTHBKXXX
5	STANDARD CHARTERED BANK (THAI) PCL BANGKOK (THB)	THAILAND	SCBLTHBXXXX
6	SWIFT KASIKORNBANK PUBLIC COMPANY LIMITED BANGKOK (THB)	THAILAND	KASITHBKXXX
7	CIMB THAI BANK PUBLIC COMPANY LIMITED BANGKOK	THAILAND	UBOBTHBKXXX
8	SWIFT KRUNG THAI BANK PUBLIC COMPANY LIMITED THB	THAILAND	KRTHTHBKXXX
9	SWIFT SIAM COMMERCIAL BANK PUBLIC CO., LTD., THE (THB)	THAILAND	SICOTHBKXXX

10	BANK OF AYUDHYA PUBLIC COMPANY LIMITED (ATM)	THAILAND	AYUDTHBK
11	SWIFT BANGKOK BANK PUBLIC COMPANY LIMITED (CURRENT THB)	THAILAND	BKKBTHBKXXX
USD			
1	SWIFT FUDIAN BANK CO., LTD (USD)	CHINA	KCCBCN2KXXX
2	SWIFT INDUSTRIAL AND COMMERCIAL BANK OF CHINA (USD)	CHINA	ICBKCNBJXXX
3	SWIFT JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VIETNAM (USD)	VIETNAM	BFTVVNVXXXX
4	MKS (SWITZERLAND) SA (USD)	SWITZERLAND	MKSGCHGGXXX
5	SWIFT STANDARD CHARTERED BANK NEW YORK (USD)	UNITED STATE	SCBLUS33XXX
6	SWIFT WELLS FARGO BANK, N.A. NEW YORK (USD)	UNITED STATE	PNBPUS3NNYC
7	SWIFT STANDARD CHARTERED BANK (SINGAPORE) LIMITED	SINGAPORE	SCBLSG22XXX
8	CIMB ISLAMIC BANK BERHAD FOR BCEL	MALAYSIA	CTBBMYKLXXX
9	KUNMING GUANDU RURAL COOPERATIVE BANK	CHINA	YNRCCNBKXXX
10	SWIFT KEB HANA BANK	SOUTH KOREA	KOEXKRSEXXX
11	COLLATERAL FOR VISA (UNITED OVERSEAS BANK LIMITED SINGAPORE SG)	SINGAPORE	UOVBSGSGXXX
12	SWIFT KOOKMIN BANK	SOUTH KOREA	CZNBKRSEXXX
13	COLLATERAL FOR AMEX (STANDARD CHARTER BANK NY US)	UNITED STATE	SCBLUS33XXX
14	MASTER CARD RISK MANAGEMENT COLLATERAL (PNC BANK, N.A)	UNITED STATE	PNCCUS33XXX
15	SWIFT JPMORGAN CHASE BANK N.A.,NEW YORK	UNITED STATE	CHASUS33XXX
16	RISK RESERVE DEPOSIT OF CHINA UNIONPAY CARD	CHINA	NONE
17	SWIFT TMBTHANACHART BANK PUBLIC COMPANY LIMITED HEAD OFFICE (SAVING USD)	THAILAND	TMBKTHBKXXX
18	TMBTHANACHART BANK PUBLIC COMPANY LIMITED NONGKHAI (SAVING USD)	THAILAND	TMBKTHBKXXX
19	SWIFT CIMB THAI BANK PUBLIC COMPANY LIMITED BANGKOK (SAVING USD)	THAILAND	UBOBTHBKXXX
VND			
1	SWIFT JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VIETNAM (VND)	VIETNAM	BFTVVNVXXXX

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MODERN QUICK RELIABLE

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