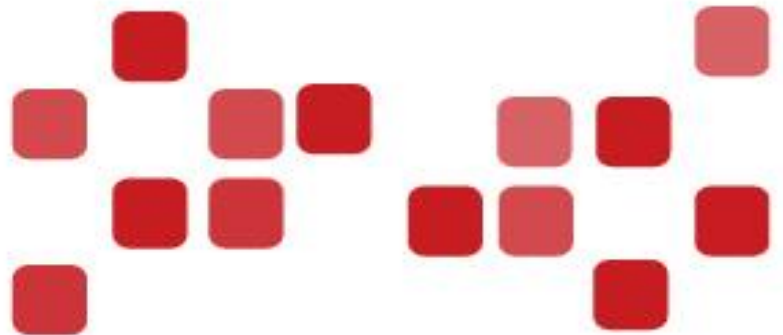




Banque Pour Le Commerce Extérieur Lao Public

A Summary of Business Performance of the First Quarter 2018



1. Banque pour le Commerce Exterieur Lao Public

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

BCEL was established in accordance with the Business License No. 129/BOL dated 01 November 1989. On the 23rd December 2010, the bank was equitized and renamed into Banque Pour Le Commerce Exterieur Lao Public under the Enterprise Registration License No.0061 dated on 10 January 2011 issued by the Department of Enterprise Registration and Management, Ministry of Industry and Commerce of the Lao P.D.R. The Ministry of Finance representing the Government held 80% of the total shares.

On the 15th July 2011, the Ministry of Finance sold 10% of the total ordinary shares to its strategic partner named COFIBRED in accordance with the Ordinary Shares Purchase Agreement between the Ministry of Finance and COFIBRED.

The current structure of BCEL's shareholders includes: The Government's shares account for 70% of the Bank's chartered capital; Local investors (including employees of the Bank) and other foreign investors shares account for 20% and strategic partners' shares account for 10%.

On 17th August 2017, the Securities Management Committee agreed the recapitalization by public offering at the Lao Securities Exchange and right offering to the existing shareholders. This recapitalization aims to increase the registered capital. The bank received new Banking License No. 21/BOL, dated 13 September 2017, issued by Bank of the Lao PDR. On 15th September 2017, Lao Securities Exchange certified that the bank has increased its registered capital in the amount of 355.728.500.000 LAK (71.145.700 shares) according to the certificate No. 01/LSX, dated 15 September 2017 and the business license No.0889/ERO, dated 15 September 2017, issued by Ministry of Industry and Commerce.

The principal activities of the Bank 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 for lending; Other services of the bank include foreign exchange, international trade financial services, letter of credits, guarantees, gold trading via account and other banking services allowed by the Bank of the Lao PDR. Other business of the bank includes insurance and security trading.

Charter Capital

The charter capital as of 31 March 2018 is 1.038.617 million LAK (as of 31 Dec 2017: 1.038.617 million LAK).

Location and Network

The Bank's Head Office is located at No.01, Pangkham Street, Ban Xiengnheun, Chanthabouly District, Vientiane, Lao PDR. As of 31st March 2018, the Bank has one (01) Head Office, one (1) subsidiary, four (4) joint ventures, nineteen (19) main branches, eighty-six (86) services units, and sixteen (16) exchange units all over the Lao P.D.R.

2. Vision

BCEL has adopted a vision and applied to its business development to achieve its goal and objective of “Becoming a strong, modern and meet international standard bank”.

3. Mission

In order to become a strong, modern and meet international standard bank, the important mission of BCEL includes improving the strength in all areas, especially the Corporate Governance (CG) by focusing on development of banking services to be suitable for the change in each period; embracing the creation of the strength in the culture of risk management and to comply with the Basel II principles; increasing business operation capacity; creating and developing the capacity of the Management of Information System (MIS) to be effective, completed, correct, punctual and meet international standards of the reporting system; applying modern technology and upgrading the knowledge and expertise of the employees as of regional and international levels.

➤ Business Targets for 2018.

In order to continue the implementation of the long-term strategic plan, BCEL has improved many areas in order to pave the way for the development such as the improvement of Corporate Governance in the year 2018 to be more appropriate. The bank also launched special projects which were the fundamentals for the implementation of the main project, Basel II. There has been an increase in the number of work plans including 6 main work plans (to be maintained), 32 main projects and 253 work plans (increased for 62 work plans). An increase of work plan is part of service plan which will be the basis for Basel II project. The main responsibility of the project has been allocated to committees, divisions, centers, branches, sections and service units as follows:

- The projects of each work plan including:
 - The development of CG to achieved international standard: 3 projects (to be maintained because the bank is waiting for the fundamental projects of Basel II to be completed first).
 - Create the risk management system and to be implemented according to Basel II principles which comprise 4 projects (increased for 2 projects).
 - Create the data system for management: 6 Projects (Increased for 1 project)
 - The development and management of IT system has 5 projects (decreased for 2 project).
 - The management and development of Human Resource has 4 projects (Decreased for 1 project).
 - The development of financial administration, modern service and higher capability in business operation has 10 projects.

Apart from the mentioned main projects, there will be more supported projects such as Loan Originating System (LOS), the small project for Basel II project, the project for product development, construction project and etc.

4. Organizational Structure.

4.1 The organization of BCEL consists of the Board of Directors (7 Directors), Executive Management (7 members), 11 Divisions, 3 Centers, 19 Branches, 86 Service Units and 16 Money Changers nationwide.

BCEL's Board of Directors



Dr. Bounleua Sinxayvoravong
Chairman



Mr. Khamsouk Sundara
Voice Chairman



Mr. Phoukhong Chanthachack
Member



Mr. Phansana
Khounnouvong Member



Ms. Khanthaly
Vongxayarath Member



Mr. Viengxay
Chanthanvisouk Member



Mr Marc ROBERT
Member

BCEL's Executive Management



Mr. Phoukhong Chanthachack
General Managing Director



Mr. Lachay Khanpravong
Deputy managing Director



Mr. Phansana Khounnouvong
Deputy managing Director



Mr. Nanthalath Keopaseuth
Deputy managing



Mr. Khamsian Mingboupha
Deputy managing Director



Mr. Bouavanh Symalyvong
Deputy managing Director



Mr. Souphak Thinxayphone
Deputy managing Director

5. The implementation of missions for Q1 2018.

For the Q1 of 2018, BCEL was able to implement many works such as completion of providing data and information to the audited company for auditing BCEL 2017; successfully held the Annual General Shareholders' Meeting for 1 time; successfully held Business Review Meeting for 2017 and approved the plans for 2018.

The bank has introduced new products to the society including OnePay which is the payment via QR code; One Heart product which is the donation channel to support for the community; new fixed deposit account for the term of 9 months, 15 months, 18 months, 21 months, 30 months, 42 months and 54 months; the development of virtual passbook system via BCEL One, the development of Cash Deposit Machine (CDM) which can be deposited in THB and USD, the development of i-Bank version 4 and the development of SMS Banking with ability to perform bill payment; the development of new cheque book printing program, the cooperation with Thanachart Bank from Thailand to support for cross-border payment between Laos and Thailand by connecting BCEL One with Prompt Pay system of Thailand.

The bank completed the merging of Branch Supervision Division and Internal Audit Division and the Marketing Division which is separated from Research and Development Division. The bank also announced the use of the new roles and responsibility of 4 divisions including Internal Audit Division, Research and Development Division, Marketing Division and Corporate and Private Division which will be fully effective from 01 March 2018 onward.

6. The Activities of the Board of Directors, the Executive Management and other Committees.

➤ The Board of Directors.

For Q1 2018, the Board of Directors held the meeting 1 time to discuss and approve important issues as follows:

- Approved the allocation of the profit after tax of 2017 and to propose to the Shareholders' Meeting for consideration based on the regulation.
- Approved the 2018 plans of BCEL and to propose to the Shareholders' Meeting for consideration.
- Approved BCEL's Risk Management Structure, Operational Risk Management Policy, Reputational Risk Management Policy and the amendment version of AML/CFT Policy.
- Approved book closure date to determine rights of the shareholders who are eligible to receive the dividends and to participate in the Shareholders' Meeting.
- Followed up the offering of BCEL's share for 19% held by the government and to propose to the Shareholders' Meeting to approve and research on the reduction of BCEL's shares at Banque Franco-Lao Ltd (BFL).

➤ Corporate Governance Committee.

- Carefully researched the plans of all branches including business plans, product extension plan and the bank also disseminated the plans for 2018. The bank also closely monitored the business performance results of each month, analyzed the operation results of each work and supervised BCEL in each period. As a result, BCEL can achieve the profit over the plan for Q1 2018.
- Closely monitored the liquidity and fund management of BCEL in each period.

- Advised Credit Management Division in monitoring corporate clients, managed and solved NPL to be below the regulated ratio, to extend the credit as targeted plans and research on the SME loan policy.

- Considered the recapitalization for Laos-China Bank after the BOD's Meeting agreed on the recapitalization for LCNB.

➤ **Risk Management Committee.**

- Managed and assessed the credit risks from all economic sectors, liquidity risks according to the regulations and the monthly operational risks.
- Prepared for the implementation of Basel II by BCEL which has many related projects and to follow the implementation roadmap of the Basel II project.
- Moreover, in order follow the risk management of BCEL, the bank has advocated all management from the top level to staff level on the effective implementation of risk management.

➤ **Internal Audit Committee.**

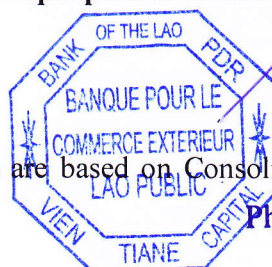
- Followed up on the assets and income audit for 2017 of BCEL's staff or the entire network.
- Monitored the solving of the findings by Internal Audit Division that were related to Credit Management Division such as the collection of approval fees and monitoring the solving of the findings of divisions/centers. It can be seen that the findings can be mainly solved. However, there was also the remaining to be continuously solved.
- Coordinated with Ernst and Young Laos CO., Ltd (E&Y) and completed the annual financial audited report and approved the audited report according to the Lao Accounting Standard (LAS) for the year 2017 and issuance of the financial report according to IFRS both in separate and consolidate version.
- Coordinated with State Audit Organization (SAO) and continuously solved the findings by SAO. It can be seen that many findings have been solved.
- Coordinated with Bank Supervision Department of the Bank of the Lao PDR and continuously solved the findings found by the department.
- Prepared for the selection of the independent auditor for auditing of BCEL for 2019.

7. Business Performance Results of BCEL for Q1 2018.

For Q1 2018, BCEL achieved its business performance results as follows:

- Total Assets: 36.426.752 million LAK, equal to 93 % of the year plan,
- Total Deposits: 31.614.930 million LAK, equal to 96 % of the year plan,
- Total Loans: 22.105.658 million LAK, equal to 90% of the year plan
- Profit before tax: 171.767 million LAK, equal to 43% of the year plan

General Managing Director
Banque pour le Commerce Exterieur Lao Public



Notice: The figures of Q1 2018 presented above are based on Consolidated Unaudited Financial Reports.

Phoukhong CHANTHACHACK