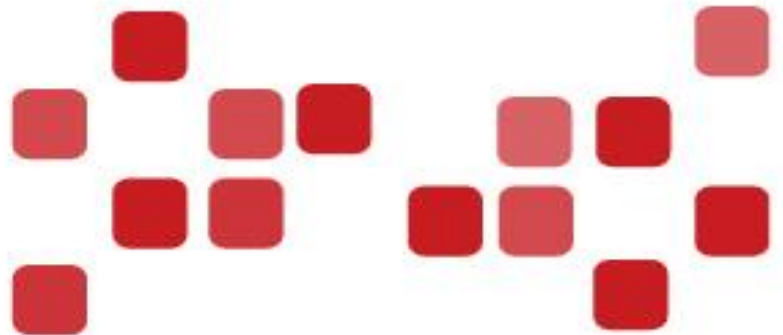




Banque Pour Le Commerce Extérieur Lao Public

A Summary of Business Performance of the first six month 2018



1. Banque pour le Commerce Extérieur Lao Public

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

The Bank was established from the equitization of Banque Pour Le Commerce Extérieur Lao which had been established in accordance with the Banking Business License No. 129/BOL dated 01 November 1989, and its latest Amended Banking Business License No. 4284/BOL dated on 11 November 2010 issued by the Bank of Lao People's Democratic Republic. 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 Extérieur Lao Public under the Enterprise Registration 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. Ministry of Finance representing the Government holds 80% of the shares.

On 15 July 2011, the Bank continued to sell 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 of August, 2017, BCEL increased its chartered capital by right offering and public offering in the Lao Securities Exchange. The Bank received 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 chartered capital amount of 355.728.500.000 LAK (71.145.700 shares) in accordance with the Listing certification 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.

The principal activities of the Bank are to provide banking services including mobilizing and receiving short-term, medium-term, and long-term deposits from organizations and individuals; making short-term, medium-term, and long-term loans to organizations and individuals based on the requests 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 the Bank of Lao P.D.R. Especially, the insurance services and securities broker services.

Charter Capital

The charter capital as of 30 June 2018 is LAKm 1.038.617 (as of 31 Dec 2017: LAKm 1.038.617).

Location and Network

The Bank's Head Office is located at No.01, Pangkham Street, Ban Xiengnheun, Chanthabouly District, Vientiane, Lao P.D.R. 31 December 2017, the Bank has one (01) Head Office, one (1) subsidiary, four (4) joint ventures, twenty (20) main branches, eighty-seven (87) services units, and sixteen (16) exchange units all over Lao P.D.R.

2. Vision

BCEL has adopted a vision and apply to its business development to achieve its goal and objective of "Becoming a strong, modern and meet international standards bank".

3. Mission

In order to become a strong, modern and meet international standards bank, the important mission of BCEL includes: Improve the strength on the area of the Corporate Governance (CG) by focusing on development to be adaptable for the changing circumstances of the new era, emphasizing on the creation of the strength in the culture of Risk Management and to comply with the BASEL II principles, increase business operation capacity, create and develop the Management of Information System (MIS) to be effective, complete, correct and punctual, to meet international standards on the reporting system, apply modern technology and upgrade the knowledge and expertise of the employees as of regional and international levels.

➤ Business Targets for 2018

To continually implement the long term strategies, BCEL has researched and modified some tasks for the purpose of improving and developing the administration for 2018 to be more appropriate. BCEL added more sub-projects in some fields especially for the Basel II project and the working projects such as 6 main projects (remain the same), 35 major projects and 253 working plans (adding 62 working plans). Those additional plans are under the service working plan which is the fundamental of Basel II principle. Those tasks shall be the responsibilities of the committees, division, center, branch and service unit as follows:

- **The project of working plan:**
 - To develop the Corporate Government to the international standard : 3 projects (remain the same as it is not yet implemented, waiting for Basel II)
 - To establish the risk management system and implement Basel II principles, which includes 4 project (adding 2 projects)
 - To establish database system for the administration: 6 project (adding 1 project)
 - To develop and administrate the IT system: 5 projects (decline 2 projects)
 - Human resource management and development: 4 project (decline 1 project)
 - To develop the finance management, modern service and effective business performance: 10 project

Besides the main projects, there will be the support projects which add as the sub-projects such as: LOS project, sub-project of Basel II, product development project, construction project and others.

4. Organization Structure

4.1 The organization of BCEL consists of the Board of Directors (7 Directors), Executive Management (7 members), 11 Divisions, 3 Centers, 20 Branches, 87 Service Units and 16 Money Changers nationwide.

4.2 Board of Directors of BCEL consist of 7 Member

- Dr. Bounleua Sinxayvoravong as Chairman
- Mr. Khamsouk Sundara, as vice Chairman
- Mr. Phoukhong Chanthachack, as Member
- Mr. Mac Robert, as Member
- Mr. Phouthakhan Khanty, as Member
- Assoc.Prof. Dr. Phouphet Kyophilavong, as Member
- Mr . Viengsouk Chounthavong, as Member

Structure of Board of Directors of BCEL



Dr. Bounleua Sinxayvoravong
Chairman



Mr. Khamsouk Sundara
Vice Chairman



**Mr. Phoukhong
Chanthachack**
Member



Mr. Marc Robert
Member



**Mr. Phouthakhanh
Khanhty**
Member



**Assoc. Prof. Dr.
Phouphet
Keophilavong**
Member



**Mr. Viengsouk
Chounthavong**
Member

4.3 **Executive Management of BCEL consist of 7 members**

- Mr. Phoukhong Chanthachack, General Managing Director
- Mr. Phansana Khounnouvong, Deputy Managing Director of BCEL
- Mr. Lachay Khanpravong, Deputy Managing Director of BCEL
- Mr. Nanthalath Keopaseuth, Deputy Managing Director of BCEL
- Mr. Khamsian Mingboupha, Deputy Managing Director of BCEL
- Mr. Souphak Thinxayphone, Deputy Managing Director of BCEL
- Mr. Boauvanh Simmalyvong, Deputy Managing Director of BCEL

Structure of Executive Management of BCEL



5. Achievement for the first six months of the year 2018

For the first six months of the year 2018, BCEL can achieve its target in many areas such as successfully held the Ordinary meeting of BCEL's Board of Director for 2 times, quarterly reviewed meeting for the year 2017 and approved the plan for 2018, held the 1st quarterly review meeting for 2018, held the annual general shareholders' meeting for the year 2017, paid the dividend of 2017 for the amount of 712 kip per share, approved for the plan of 2018, approved the new Board of Director and other matters. In addition, BCEL disclosed the business result for the year 2017 and the first quarter of 2018 via the disclosure system of the Lao Securities Exchange. BCEL merged the Branch Supervision Division into Internal Audit Division, and established the Marketing Division which it was separated from Research and Development Division.

Besides, BCEL extend its service network for 3 points in Vientiane to facilitate the society with more banking service places such as Saysetha branch, Sapanthong and Nonghai Service units. Release new various products to society such as One Pay which is the product payment via QR code, OneHeart which is the social contribution project, Fix deposit for 9,15,18,21,30,42 and 54 months, develop the system for cross border payment via QR code which is the collaboration project between BCEL and Thanachart bank, Exchange the lesion from YNRCC on Wechat Pay and other issues.

Moreover, BCE has implemented the Loan Originating System (LOS), the Credit Rating Project which is currently reviewing about the conditions for the rating as the advices from consulting company and selects the consulting company. The bank continues the plan to sell out the government share for 19% as well as evaluated the GAP of the CG project and the credit rating of BCEL which is currently on the process of selecting the consulting company.

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

➤ Board of Directors.

In the first six months of the year 2018, the Board of Directors held the meeting for two times to discuss and approve important issues as follow

- Approved the business result for the year 2017 in accordance with IFRS (single and consolidate report) and approved the allocation of the profit after tax for the year 2017 and paid the dividend to shareholder amount 712 kip/share, endorsed the business plan for the year 2018 and approved new Board of Director
- Approved for the structure of BCEL risk management, policy on operational risk and reputational risk, and policy on AML/CFT (amended version)
- Approved the restructure of Credit management division which apply the Loan Origination System and Credit Rating in order to comply with the Basel II principle
- Follow up the progress of selling out the government share for 19%.

➤ Corporate Government Committee

- Research the detail of working plan for all BCEL and branch which includes business plan, product selling plan and distribute the plan of 2018. And follow up the business result of BCEL in every month, analyze the business figure in each field and provide the direction on business operation of BCEL in periodically and lead the BCEL to achieve its plans.

- Follow up the liquidity matter and treasury of BCEL in periodically.
- Follow up the research on selling out the government share for 19%, which seek the direction from Bank of Lao PDR and Ministry of Finance.
- Follow up and provide the direction to credit management division to pay more attention to corporate customers, to manage and resolve NPL to be in the appropriated level, expand the credit to achieve the plan. And promulgate the regulation on SMEs.
- Follow up the credit development in accordance with Basel 2 and develop the new credit program to be appropriate.
- Follow up on Human resource and organization such as: establish the course on human resource development, research the KPI implementation for employee, improve the regulation on praise and welfare, and research to modify the committees of BCEL to be more appropriate.

➤ **Risk Management Committee**

- Evaluated the credit risk in each economic sector, liquidity risk which shall be compare to the regulation, monthly operational risk, and often collect the information on main risk of BCEL
- Implementing the Basel II principle of BCEL which include of many related projects and process as the roadmap of Basel II principle, and report the progress of the implementation periodically.
- In order to follow the structure of risk management of BCEL, all executive management team and employee must have the proper knowledge on this matter to ensure the effective implementation of risk management.

➤ **Internal Audit Committee**

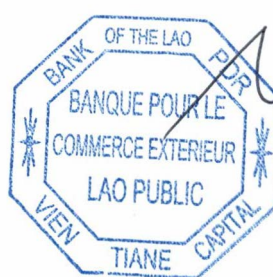
- Follow up the asset and income declaration for the second round of the year 2017 for all BCEL employee
- Follow up the solution for the finding points of division/center, it can be seen that most of the findings could be solved. However, some issues still need to be solved
- Completed the issuance of single and consolidate financial statement report for the year 2017 in accordance with IFRS and successfully disclosed those reports to the public via the LSX website, and coordinated with audit firm to review the document for the audit of the first 6 month of the year 2018.
- Continually follow the finding point from State Audit Organization which many of them can be resolved for the year 2016 and provide the required document to State Audit Organization team which performs the audit for the year 2017.
- Coordinated with the Bank Supervision Department of BOL to continually resolve the finding points which found during their auditing.
- Successfully select the external audit company for auditing the financial statement of the year 2019.

7. BCEL's Business Performance for the first six month of the year 2018

For the first six months of the year 2018, BCEL achieved the business performance as follows:

- Total Assets: 36.301.857 million LAK, equal to 92,78% of the year plan,
- Total Deposits: 31.540.252 million LAK, equal to 95,58% of the year plan,
- Total Loans: 21.720.576 million LAK, equal to 88,66% of the year plan
- Profit before tax: 279.902 million LAK, equal to 69,98% of the year plan

**General Managing Director
Banque pour le Commerce Extérieur Lao Public**



Phoukhong CHANTHACHACK

Remarked: For the business result as of the first six month of 2018 is in accordance with the consolidate financial statement report (audited)