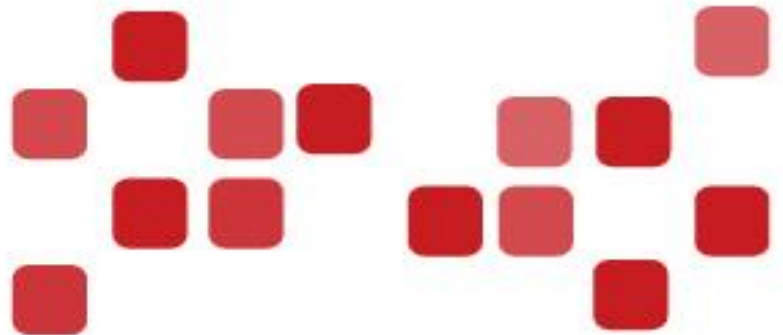




Banque Pour Le Commerce Extérieur Lao Public

A Summary of Business Performance for the three-month of Quarter III  
Period Ended 30 September 2020



## **I. General Overview of BCEL.**

### **1. Vision**

BCEL has adopted a vision and applied to its business development to achieve its goal and objective of “becoming a Strong, Modern and Internationally Recognized Bank”

### **2. Mission**

In order to make BCEL a strong and modern bank with 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

#### **❖ Programs and projects in 2020**

BCEL will continue to implement a long-term BCEL’s vision on and developing Corporate Governance and improving its services in 2020, the target areas will focus on 6 programs; 29 projects; 229 work plans. **The list of programs is showed as follow:**

- Developing its Corporate Governance to meet international standards: 1 project and 1 work plan.
- Creating risk management and compliance with The BASEL II Principles: 4 projects and 35 work plans.
- Creating the Management of Information System (MIS): 5 projects and 43 work plans.
- Developing and Managing IT System: 5 projects and 17 work plans.
- Human resources development and management: 4 projects and 40 work plans.
- Developing financial management and modern services to enhance efficient business performance: 10 projects and 93 work plans.

## **II. Financial Position and Performance.**

### **1. Lao Macro-Economy Outlook For The Year 2020.**

For the year 2020, the Lao economy is expected to grow at the slow pace at around 3,3%<sup>1</sup> which decreases from the government’s expectation at the beginning of the year of 6,5%. The spread of COVID-19 has affected significant incomes of various businesses as they are unable to operate as planned especially the businesses which are related to service, exportation, tourism, hotels and restaurants. However, the economy of Laos is estimated by IMF at 0,2% growth while the World Bank expected the growth of 1%. If the situation is not improved, the Lao economy might be declined at -1,8%<sup>2</sup>. Previously, the inflation had a downturn trend from 5,28% in 06/2020 to 4,63% in 09/2020 due to the policy to control the product and service prices by the government and other relaxed economic policies.

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<sup>1</sup> The report by the National Economic Research Institute, number 005, dated on 19/04/2020.

<sup>2</sup> The Report of the World Bank <https://www.worldbank.org/en/country/laos/publication/covid-19-to-impact-lao-pdr-growth-debt-in-2020-new-world-bank-report>

The risky factors that can be seen from the slow growth of the regional and world economies and the continual spreading of the COVID-19 in the neighboring countries, especially Myanmar which has already reached the number of effected people of more than 40.000, around 1.000 / day. Moreover, the trade deficit, the budget deficit, low level of national reserve and the economic measures adopted by the trade partner of Laos are the major risks for the macroeconomic growth for 2021.

## **2. Outstanding Performance in Brief.**

During Q3/2020, BCEL has completed works in many areas: The bank has signed the MOU with Star Fintech Company to connect U-Money system with BCEL One to provide the banking service via mobile phone's network; signed the contract with LVI to sell insurance products online; signed the Bill Payment Agreement with Vandala Microfinance Institution and signed the MOU to issue ATM card as Student ID Cards for Dongkhamsang Technical College, Lao-German Technical College and other institutions. In addition, BCEL has held the Business Review Meeting for the first 6 months of 2020 at Don-Chan Palace Hotel. The bank has separated Anti-Money Laundering Division from the Risk Management and Anti-Money Laundering Division as the new established Division. The former division still maintain the name "Risk Management Division".

The bank's Road Tax Service was awarded the Mobile Banking & Payment Initiative of The Year by the Asian Banking and Finance Magazine.

## **3. BCEL's Key Financial Figures**

During 03Q 2020 BCEL has followed the business plan as adopted by the shareholders' meeting which can achieve the figures in accordance with BCEL accounting as follows:

- **Assets/Liabilities:** 52.417,32 bil LAK, 105% of the year plan; 15% increase compared with the same period of last year;
- **Total Loan:** 29.910,02 bil LAK, 105% of the year plan; 13% increase compared with the same period of last year (The NPL amounted to 880,68 bil LAK of NPL, which covered 3,01% of Loans).
- **Deposit:** 46.571,41 bil LAK, 108% of the year plan; 20% increase compared to the same period of last year;
- **Total capital:** 2.151,32 bil LAK, 83% of the year plan; 2% increase compared to the same period of last year.
- **Profit Before Tax:** During the three month of Quarter III 2020: 154,68 bil LAK, for the nine-month period of 2020: 229,23 bil LAK, 64% of the BCEL 2020 plan.

## **III. General and Important Information.**

### **• Location & Networks**

The Bank's Head Office is located at No. 01, Pangkham Street, Ban XiengNheun, Chanthabouly District, Vientiane Capital, Lao PDR. As at 30 September 2020, the Bank has one (01) Head Office, six (6) joint ventures, twenty (20) branches, ninety-Seven (97) services units, and fifteen (15) exchange units all over Lao PDR.

- **Contacts**

- Telephone (+856-21) 213200 or 1555
- Fax (+856-21) 213202
- Email: bcelhqv@bcel.com.la
- Website: www.bcel.com.la

- **Brief History**

Banque pour le Commerce Exterieur Lao Public operates the business in the form of public company and listed in the Lao Securities Exchange.

BCEL was 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, MOF sold 10% of the total ordinary shares to its strategic partner named COFIBRED in accordance with the common stock purchase agreement between MOF and COFIBRED.

On 17 August 2017, Lao Securities Commission Office approved the Bank to recapitalize by both Rights offering and Public offering 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 recapitalized 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.

In the present, the current structure of shareholders of the bank are: the government holds 60%, domestic investors (including BCEL employees) and foreign investors hold 30% and the strategic partner holds 10%.

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 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, and including insurance service and stock brokerage service.

- **Registered Capital**

Registered capital as of 30 September 2020 is 1.038.617 mil LAK (31 December 2019:1.038.617 mil LAK)

## **IV. The Organizational Chart of the BOD, the Management and the Performance of Committees to the BOD.**

### **1.1. The BOD of BCEL consists of 7 persons:**

- |   |               |
|---|---------------|
| - Dr. Bounleua Sinxayvoravong           | Chairman      |
| - Mr. Khamsouk Sundara                  | Vice Chairman |
| - Mr. Phoukhong Chanthachack            | Member        |
| - Mr. Stéphane Mangiavacca              | Member        |
| - Mr. Phouthakhan Khanty                | Member        |
| - Assoc.Prof. Dr. Phouphet Kyophilavong | Member        |
| - Mr. Viengsouk Chounthavong            | Member        |

### **1.2. Biography of BOD's members:**

#### **➤ Dr. Bounleua Sinxayvoravong: Chairman**



- Date of Birth: 24 November 1966
- Nationality: Lao
- Language(s): Lao, English
- Designation: Vice Minister of Finance
- Education: Doctorate's Degree in Economics from Australian National University, Canberra, ACT, Australia, Masters of Business Administration from Thammasat University Bangkok, Thailand, Bachelor and Masters of Science in Physics and Mathematics from Moscow, Pedagogical University, Moscow, Russia.

➤ **Mr. Khamsouk Sundara: Vice Chairman**



- Date of Birth: 03 June 1945
- Nationality: Lao
- Language(s): Lao, English, French
- Designation: Independent Director
- Education: George Town University (pew Fellowship Program) Washington D.C, USA. Indian Institute for Bank Management, Puna, India. A bachelor's degree from NSW University, Australia.

➤ **Assoc.Prof. Dr. Phouphet Kyophilavong: Member**



- Date of Birth: 05 February 1974
- Nationality: Lao
- Language(s): Lao, English, Japanese
- Designation: Dean of the Faculty of Economics and Business Administration
- Education: Doctoral Degree in Economics, Kobe University; Master Degree in Civil Engineering, Osaka University; Bachelor Degree in Civil Engineering, Osaka University, Japan.

➤ **Mr. Phouthakhan Khanty: Member**



- Date of Birth: 02 May 1970
- Nationality: Lao
- Language(s): Lao, Vietnamese, Russian
- Designation: Deputy Director General of National Treasury, Ministry of Finance
- Education: Master Degree, Financial Institution, Hanoi, Vietnam. Bachelor's Degree at Dagestan State University, USSR

➤ **Mr. Phoukhong Chanthachack: Member**



- Date of Birth: 17 June 1964
- Nationality: Lao
- Language(s): Lao, English, Hungarian
- Designation: BCEL General Managing Director
- Education: Certificate of Political Theory from the national Academy of politics and Public Administration. Master's Degree in Economics from Karl Marx University of Economic and Sciences, Hungary.

➤ **Mr. Stéphane Mangiavacca: Member**



- Date of Birth: 11 July 1975
- Nationality: French
- Language(s): French, English, Spanish, Chinese, Japanese
- Designation: Head of International, Representative of COFIBRED in the Board of Directors of BCEL.
- Education: Ecole Nationale Supérieure des Mines de Saint-Etienne, Engineering Diploma with honors. University of New Brunswick in Canada, 2 semester exchange programs in Environmental Engineering.

➤ **Mr. Viengsouk Chounthavong: Member**



- Date of Birth: 15 July 1964
- Nationality: Lao
- Language(s): Lao, English, Czech
- Designation: Deputy Director of BCEL.
- Education: 45 days Political Theory Course, Politics and Administration School. Master's Degree in Economics and Commerce, Czech Republic



## 2. The Management Of BCEL

### 2.1. The Management of BCEL consists of 6 persons:

- Mr. Phoukhong Chanthachack General Managing Director
- Mr. Lachay Khanpravong Deputy Director
- Mr. Nanthalath Keopaseuth Deputy Director
- Mr. Souphak Thinxayphone Deputy Director
- Mr. Bouavanh Simalyvong Deputy Director (retired on 1<sup>st</sup> August 2020)
- Mr. Viengsouk Chounthavong Deputy Director

### 2.2. BCEL's Management



### **3. The Performance of BOD and Committees to the BOD.**

#### **3.1.BOD Meetings**

The Board of Directors has held the BOD's meeting for 3 times in total (1 ordinary meeting and 2 extraordinary meetings). The significant performance is as follows:

- Resolved to approve the Audited Financial Report for the first six months of 2020 (According to LAS and IFRS) audited by PWC by circulating letters after completing the audit.
- Approved the establishment of Saysomboun Branch, along with the Feasibility Study and the Supervision Regulation as the reference to propose to the BOL for the approval.
- Approved the recapitalization for Banque Franco Lao Ltd (BFL) according to the shareholding's proportion of BCEL.
- Approved the new loan proposal, additional loan and stimulus package related to the loan customers.
- Approved the appointment of some BCEL's senior management positions.

#### **3.2.Risk Management Committee**

Risk Management Committee has focused on advising the research and setting of the regulations and policies on risk management. The committee also approved the policies and regulations related to the risk management work as follows:

- Risk rating of key risks such as credit risk indicator and liquidity risk indicator.
- Monitoring main risk appetite of the bank in various fields which have 14 risk indicators.
- Considering the Policy on Business Continuity Management of BCEL.
- Monitoring the plan on the implementation of the restructuring of the risk management framework for the first phase.
- Monitoring the progress of the sub-projects partly and under the BASEL 2 project (8 projects implemented regularly).

#### **3.3.Corporate Governance Committee.**

In 03Q2020, the Corporate Governance Committee has held 2 meetings to consider the Business Performance Result of BCEL and other issues to be proposed to the BOD for the approval. The important issues that have been approved are as follows:

- The Committee had closely monitored and supported on advising the business operation of BCEL and approved BCEL's Financial Report according to LAS and IFRS for the first six months of 2020.
- Advised the holding of the Business Review Meeting for 02Q2020.
- Monitored and supervised the work of treasury, liquidity management, the use of funds and foreign currency management periodically, especially finding the impact of using bank cards and finding the timely solutions.
- Followed up the business performance, Annual Strategy Plan, the Long-Term Strategy Plan for 2016-2020 and the implementation of work programs and other projects.
- Monitored the loan quality management, corporate customer management, the customers that have been affected by the spreading of the COVID-19 and actively supervise the resolution of NPL.
- Followed up the creation of the long-term plan 2020-2025.

- Monitored the work of Personnel and Human Resources: The improvement of staff through seminars, the use of budget for the Human Resource Development tasks and the research on the training topics to prepare for the growth in each work and to improve and issue some new regulations of BCEL.
- Followed up the recapitalization for BFL, the progress on the share selling of 9%, the implementation of New Core- Banking Project and the Basel II project.

### **3.4. Audit Committee.**

- Monitored staff in implementing the rules, rights, procedures and paid attention to the urgent auditing, audit findings and feedback from customers to ensure the problems is resolved on time. Followed up the branches on the credit approval, and applied the appropriate measures to resolve the problems.
- Conducted the ordinary auditing, the special auditing, the specific auditing and the urgent auditing to all divisions, centers and branches of BCEL as well as followed up on resolving of the findings from the internal and external auditors in all divisions, centers and branches of BCEL.
- Followed up the solution of findings from the internal and external auditors regularly.
- Coordinated with PWC to review the Financial Report of BCEL for the first 6 months of 2020 according to LAS and IFRS.
- Monitored any negative issues and the reporting on the work of anti-corruption to the management and BOL.
- Followed up the implementation progress of IFRS 16.

## **V. The work of Corporate Social Responsibility.**

### **➤ Taxes Payment**

BCEL has been paying taxes to the government and as of September 2020 BCEL has paid the taxes in total of 35.253,18 million Kips as the following details:

	Items	Amount
1	Income taxes	19.168,70
2	Profit tax	12.000,22
3	Excise tax	18,58
4	Value added tax	3.358,80
5	Profits tax for non-resident vendors	706,88
	<b>Total</b>	<b>35.253,18</b>

Unit: million Kips

### **➤ The Contribution and Donation to the Community**

Along with the business operation and other activities in 03Q2020, the management and all BCEL's staff paid great deal of attention on the contribution and participation in the social responsibility projects (Corporate Social Responsibility or CSR) which have been parts of the bank's core values. The detail is as follows:

- Provided the grant to repair 3 schools in the amount of 114 Mil LAK for 1. Phonsomboun Primary School in Sikhottabong District for 20 Mil LAK, 2. Nonsavang Primary School in

Saysettha District for 14 Mil LAK and 3. Phameaung High School in Borlikhan District, Borlikhamxay Province for 80 Mil LAK.

- Supported text books for local schools in Laungnamtha Province in the amount of 18 mil LAK.
- Mobilized fund to support the community via BCEL OneHeart, which the channel has become the important tool and the center for community donation. The channel has been convenient for both donors and recipients. There were 8 projects with 4,725 transactions in the amount of 309,21 Mil LAK (1 project has been closed for donation).

**General Managing Director**

MR PHOUKHONG CHANTHACHACK