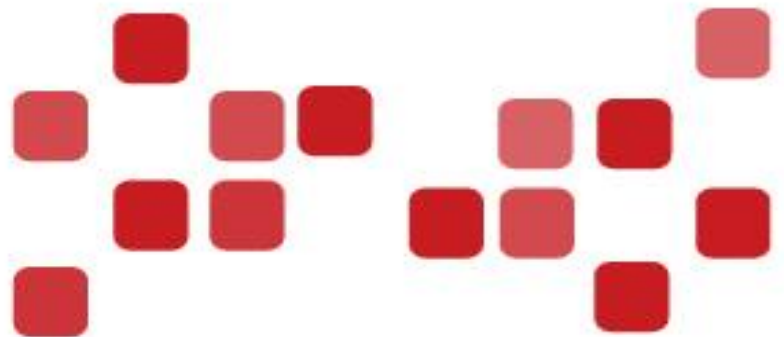




Banque Pour Le Commerce Extérieur Lao Public

A Summary of Business Performance for the 1st quarter of the year 2021



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

### **1. Vision**

BCEL has adjusted its vision according to the Long-Term Strategic Plan from 2021 to 2025 to be the guideline to achieve the goals and objectives according to the vision “To become a strong and modern bank moving toward international standard”.

### **2. Mission**

To achieve the vision to become a strong and modern bank moving toward international standard, the important missions of BCEL are to improve the service to be suitable with change in the new era, build the strong financial position and to be complied with Basel II principles; develop IT system and innovation to be applied to the service system, develop MIT System to be accurate, transparent and secured as international standard. Moreover, the bank also concentrates on the development of human resource in all areas to become expert in providing banking services in order to satisfy the customers that come to use the service and to achieve highest return to the shareholders sustainably.

#### **❖ Plans and Projects in 2021.**

Enhance BCEL to develop and build the strength and sustainability to become the leading bank in term of modernization and achieve international standard bank in the Lao PDR. BCEL has set the Strategic Development Plan to be the mission, goals and implementation plan, which has been set into 3 Main Strategic Plans including 11 Main Plans and 42 Projects. The plan that will be implemented in this year 2021 includes 11 Main Plan, 42 Projects and 268 Work Plans. The detail is as follows:

- **Strategic 1: Build the strength in all area** (Including 5 Main Plans, 25 Projects and 149 Work Plans)
  - The management of the finance and the increase in business operation capacity, consists of 5 Main Plans and 62 Work Plans;
  - The management and administration of credit, consists of 7 Projects and 33 Work Plans;
  - The development of human resource to be knowledgeable and effective, consists of 5 Projects and 26 Work Plans;
  - The creation of the Risk Management System to meet international standard and build the foundation for Anti-Money Laundering Work to be effective, consists of 6 Projects and 26 Work Plans;
  - The development of the Corporate Governance to meet the International Standard and build the foundation to become Qualified ASEAN Bank (QAB), consists of 2 Projects and 2 Work Plans.
- **Strategic Plan 2: Strategy to transform to modernization by using technology and innovation to business operation, moving toward digital era.** (Consist of 3 Main Plan, 12 Projects and 107 Work Plans)
  - The development and management of IT System, consist of 5 Projects and 25 Work Plans;
  - The management of information and the development of work related to data to be modern as international standard and effective, consist of 5 Projects and 29 Work Plans;

- Product Development toward Digital banking Service, consist of 2 Projects and 53 Work Plans;
- **Strategic Plan 3: The strategy to management and service as international standard (consists of 3 Main Plans, 5 Projects and 12 Work Plans)**
  - The improvement and development of accounting system and financial reporting system, consist of 3 Projects and 6 Work Plans;
  - The development and improvement of effective and standardized auditing system, consist of 2 Projects and 3 Work Plans;
  - Develop the PCI Compliance Project or (Payment Card Industry Data Security Standard), consists of 3 Work Plans;

## **II. Financial Status and Business performance.**

### **1. Lao PDR Macro-Economy in 2020 and outlook in 2021**

Even though Laos was able to control the spreading of COVID-19 within the country, but the overall Lao macro-economy has been in the slow growth pace for the first time since the Financial Crisis during 1990s. According to the information from the National Economic Research Center, the Lao Economy in 2020 had a slow growth rate from 5,5% in 2019 to 3,3% in 2020. The Income Per Capita was 2.664 USD (which the government estimated for 2,978 USD). The Industrial Sector has been the major sector boosting the economic growth, the growth of this sector was 9,8%, Hydro Power Sector was the most outstanding sector with the growth of 22,6%, Construction Sector was 11,7%, especially the construction of the Laos-China Railway and Vientiane-Vangvieng Express Way and Agricultural Sector grew by 2,3%. Nevertheless, the Tourism Sector's growth was 1,6%, restaurants and hotels have been impacted by the spreading of the COVID-19 due to lack of foreign tourists.

In 2021, the Lao Economy is expected to growth at 4% with supporting factors from the service sector due to the recovery of tourism in Q1/2021 and the opening of Vientiane-Vangvieng Express Way. Moreover, the situation of the COVID-19 spreading was able to control in 2020 to early 2021 and the risky group of the population has been vaccinated, which has started since the end of 2020 to prevent the infection. Nevertheless, The Lao Economy is still fragile due to the state budget and the level of national reserve that are limited. Moreover, the outbreak of COVID-19 the second wave in the neighboring countries has seen to be the risky factor that may impact the national economy directly and indirectly.

### **2. Highlights of the business performance.**

In Q1/2021, BCEL has had the performance highlighted including the completion of Business Performance Review for the year 2020 and the approval of the initial Business Plan for the year 2021; held 1 Business Review Meeting, 1 BOD Ordinary Meeting, 2 BOD Extraordinary Meetings and the Meeting to review the implementation of audit work for the year 2020 and the 2021 plan. The bank also completed the issuance of the Decision on the Arrangement of Level at Branch and Service Unit Levels for 2021 and the issuance of the Adoption of Business Plan of BCEL for the year 2021 (For all BCEL network); Completed the approval of the initial Strategic Plan for the year 2021-2025 and will be approved by the Annual General Shareholders' Meeting; Completed the approval of the Regulation and DATA Dictionary of DATA Governance of BCEL. In addition, the bank also developed the domestic products such as the development and the use of BCEL ATM UnionPay Chip Card; the completion of connection to U-money & M Money. For the external cooperation, the bank signed an agreement with M-Point Mart Trading Company (Mini Big C).

### **3. Important Financial Report of BCEL**

2021 is the another year that BCEL's Business Performance has encountered with difficulty and challenges due to the outbreak of the COVID-19 that has been widen. However, BCEL has put an effort to achieve the implementation of the business as per the plan approved by the BOD. The unaudited financial statement for Q1.2021 is as follows:

- Assets/Liabilities: 57.536.018 million LAK, achieved 101% compared to year plan 2021 or 16% compared to the same period of last year.
- Loans: 29.108.711 million LAK, achieved 98% compared to year plan 2021 or 5% increase from the same period of last year .
- Deposits: 51.943.690 million LAK, achieved 103% compared to year plan 2021 or 21% increase from the same period of last year ;
- Total Capital: 2.195.585 Bil LAK, which was 82% of the year plan or 5% of the same period of last year;
- Profit before tax: 71.674 million LAK, achieved 23% compared to year plan 2021.
- Profit after tax: 55.583 million LAK, achieved 22% compared to year plan 2021.

### **III. About BCEL**

#### **● Location and network**

The Bank's Head Office is located at No.01, Pangkham Street, Ban XiengNheun, Chanthabouly District, Vientiane, Lao PDR. As of 31 March 2021, the Bank has 1 Head Office, 6 joint ventures, 20 branches, 99 service units, and 15 exchange units all over the Lao PDR.

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#### **● History of BCEL**

Banque pour le Commerce Extérieur Lao Public is operating business as a public company and listed in Lao Securities Exchange.

BCEL) was established in accordance with the Decision on Bank Establishment No. 129/BOL dated 01 November. On 23 December 2010 BCEL accomplished IPO and renamed to Banque Pour Le Commerce Extérieur 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.

On 17 August 2017, BCEL succeeded the recapitalization by public offering and right offering to the existing shareholders. BCEL operated under the new Decision no. 21/BOL dated 13 September 2017 issued by Bank of Lao PDR. On 15 September 2017, Lao Securities Exchange certified that BCEL 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. At that time, BCEL also had received the new amended Business License no. 0429 dated 18 May 2018 issued by Ministry of Industry & Commerce.

On 11 October 2019 the Lao Securities Commission Office granted BCEL a permission for restructuring BCEL's shareholders structure by offering more room to the public and the existing shareholders. The purpose of the restructuring aimed to diversify the shareholders, growth, and stability strengthening. On 29 November 2019, the Lao Securities

Commission Office issued certificate endorsing the offering completion of 10% of BCEL's shares.

At present, BCEL's shareholders structure consists of 60% held by the government, 30% held by domestic investors (including BCEL's employees) and foreign investors, and 10% held by BCEL's strategic partner.

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.

#### **Registered Capital**

Registered capital of BCEL as of 31 March 2021 is 1.038.617 million LAK (31 December 2020: 1.038.617 million LAK)

### **IV. Organizational structure of the Board of Directors, Directors, and the operations of the committees supervised by the Board of Directors**

#### **1. The Board of Directors**

##### **1.1 The Board of Directors of BCEL consists of 7 members as:**

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

##### **1.2. Bio of the Board of Directors**

###### **❖ Mr. Bounleua Sinxayvoravong, PhD: Chairman**



- Date of Birth: 24 November 1966
- Nationality: Lao
- Languages: Lao, English
- Designation: Vice Minister of Finance
- Education: Doctorate's Degree and Master's Degree in Economics from Australian National University Canberra, 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
- Languages: Lao, English, and 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: Independent Director**



- Date of Birth: 05 Feb 1974
- Nationality: Lao
- Languages: Lao, English, Japanese
- Designation: Dean of the Faculty of Economics and Business Administration
- Doctoral Degree in Economics, Kobe University, Japan. Master Degree in Civil Engineering, Osaka University, Japan. Bachelor Degree in Civil Engineering, Osaka University, Japan.

❖ **Mr. Phouthakhan KHANTY: Director**



- Date of Birth: 20 May 1970
- Nationality: Lao
- Languages: Lao, Vietnamese and Russian
- Designation: Deputy Director General of National Treasury, Ministry of Finance

- Education: Master Degree, Financial Institution, Hanoi, Vietnam. Bachelor Degree at Dagestan State University, Russia

❖ **Mr. Phoukhong CHANTHACHACK: Director**



- Date of Birth: 17 June 1964
- Nationality: Lao
- Languages: Lao, English, and Hungarian
- Designation: BCEL's 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. Stephane MANGIAVACCA: Director**



- Date of Birth: 11/07/1975
- Nationality: French
- Languages: French, English, Spanish, Chinese and Japanese.
- Designation: Head of International, COFIBRED (BCEL's strategic partner)
- 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: Director**



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

**2. Executive Management**

**2.1 BCEL is managed by 5 directors:**

- |                              |                           |
|------------------------------|---------------------------|
| - Mr. Phoukhong Chanthachack | General Managing Director |
| - Mr. Lachay Khanpravong     | Deputy Director           |
| - Mr. Nanthalath Keopaseuth  | Deputy Director           |
| - Mr. Souphak Thinxayphone   | Deputy Director           |
| - Mr. Viengsouk Chounthavong | Deputy Director           |



## 2.2 Organizational Chart of the Executive Management of BCEL



## 3. Operations of the BOD and the Committees supervised by the BOD

### 3.1 The BOD's meetings

in 1Q2021 The Board of Directors has held 3 Board of Directors Meetings (1 ordinary meeting and 2 extraordinary meetings). The highlights of the operation are as follows:

- Considered and recommended regarding the compensation that BCEL will be receiving from the land impacted by the No. 1 Expressway construction project.
- Considered and made decisions on the loan applications of some of the corporate customers.
- Approved the business plan for the year 2021 that will be proposed to the Annual General Meeting of the Shareholders.
- Approved the Articles of Association of BCEL that will be proposed to the Annual General Meeting of the Shareholders.
- Approved the number of the after-tax profits set aside for the reserves and the dividends of the year 2020 that will be proposed to the Annual General Meeting of the Shareholders.
- Considered and approved the meeting organization plan for the Annual General Meeting of the Shareholders of the year 2020. The AGM 2020 meeting held at 14:00 of 30 April 2021, in Muong Thanh Luxury Hotel Vientiane.
- Gave a direction for monitoring corporate customers of BCEL, power plant business-related customers, customers affected by the COVID-19, and the long-term resolution.
- Considered and approved the selection of an external audit firm that will be proposed to the Annual General Meeting of the Shareholders and be selected as an audit firm of BCEL for the year 2021.

### **3.2 Risk Management Committee**

The Risk Management Committee has paid attention to implement the research and the regulation related to Risk Management. The Committee also approved the regulation related to the Risk Management; the detail is as follows:

- The committee worked on and proposed the postponement of the long-term loan that related to the power plant business. For any project considered approved, there shall be clear conditions or be a short-term revolving loan.
- Reviewed the policy on the management of operational risk and the policy on new product releasing.
- Collected data and input into BASEL 2 project such as essential indicators development and the development of risk assessment tools.
- Submitted the research on the amendment of the BOD's responsibilities and the BOD's risk management committee to the BCEL's Articles of Association committee that will be proposed to the Annual General Meeting of the Shareholders.

### **3.3 Remuneration Committee**

The Remuneration Committee has researched and considered to approve the regulations and policies to ensure the benefits of BCEL and shareholders. The Remuneration Committee worked on a variety of regulations and policies in order to propose them to the BOD.

### **3.4 Corporate Governance Committee**

In 1Q2021 the Corporate Governance Committee has held 1 meeting to consider the business performance of BCEL and other matters that will be proposed to the BOD, the meeting has the highlighted matters as follows:

- The committee regularly and closely monitored and directed the business operation.
- Tracked the execution of the business operation plan, year plan, long-term strategic plan and action plan, and projects.
- Approved the 2021 – 2025 long-term strategic plan that will be proposed to the BOD meeting and the shareholders' meeting.
- Approved the agenda of the 2020 Annual General Meeting of the Shareholders that will be proposed to the BOD

### **3.5 Recruitment Committee**

The committee considered the nomination of senior officers in order to make new designation and reposition within BCEL from time to time. The committee also worked on the nomination for the new Board of Directors of BCEL that will be proposed to the BOD and the Shareholders' meeting, also considered approved the new reposition and designation of some of the executive officers.

### **3.6 Audit Committee**

- Monitored the employees regarding regulation compliance, rights, procedures of the work operation of the urgent audit, checkup the findings and customers' complaints. Monitored the operation of lending of the branches and apply suitable measures to solve the problem suitably.
- Regularly conducted the regular audit, ad hoc audit, specific audit, and the urgent audit in divisions, centers, and branches. Followed up the resolutions of the findings from internal and external audits by divisions and branches.
- Regularly followed up the resolutions of the findings from internal and external audits.

- Completed issuance of the financial report of the year 2020 in LAS and IFRS that will be proposed to the BOD.

**V. Corporate social responsibility**

➤ **Corporate social responsibility**

Along with the business operation and the other work implementation in 1<sup>st</sup> Quarter 2021, the Management and the staff of BCEL have focused on the work of Corporate Social Responsibility (CSR), which has been one of the key elements in the core value of BCEL, the detail is as follows:

- By BCEL's potential in technology and advancements, BCEL has developed a product for CSR named "BCEL OneHeart", an intermediary platform for the donation that supports both the donors and the recipients. There were 06 projects such as a fundraising project to support the society fighting against the COVID-19 pandemic, fundraising project for Luangprabang Hospital to fight against the COVID-19 pandemic, fundraising for the medical supplies for kids in Pheuan Lao Hospital, a new house for Mr. John and his family (affected by house fire) in Khammuan, and the house for poor people in 5 districts of Luangnamtha province. There were 4.682 donations made in total amount of 317 million LAK.
- BCEL has also supported the society in various areas such as education and sport, health campaigns, assistance for the victim of natural disasters, supports for national important days and others in cash or equipment in the amount of 394 million LAK.

General Managing Director  
Banque pour le Commerce Extérieur Lao Public



**Phoukhong CHANTHACHACK**