



ບົດລາຍງານການເຄື່ອນໄຫວທຸລະກິດ

ສໍາລັບໄລຍະສາມເດືອນຂອງໄຕມາດທີ I ທີ່ສິ້ນສຸດວັນທີ 31 ມີນາ 2022

Report on BCEL's Business Performance For The Three-Month Period Of Quarter I
ENDED 31 March 2022



BCEL Bank



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I. General Overview of BCEL

1. Vision.

BCEL has adjusted the vision for the long-term strategy 2021-2025 to support the development's work plan of the bank in order to achieve the goals and objectives under the concept of "To become a strong and modern bank achieving international standard".

2. Mission.

To support the vision of becoming a strong and modern bank achieving the international standard, the key missions of BCEL are to develop strong corporate governance by emphasizing the business operation to be suitable for the changes of the new era; strengthening the financial stability and 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 System is also one of the key points of the development, which should meet accuracy, transparency, swiftness and compliance with the 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, a better customer experience, and this could sustain the highest benefit of the shareholders.

❖ Plans and Projects for the year 2021

In order to develop and achieve sustainable strength to become the leading bank in terms of the modern and international banking practices in the Lao PDR, BCEL has determined its development strategies covering the directions, goals, and detailed implementation plans, which comprise of 3 main strategies including 11 Plans, 42 Projects. The plans and projects shall implement in 2022 including 11 Plans, 37 Projects and 400 Work Plans. The detail is as follows:

- **Strategy 1: Organizational strengthening (5 Plans, 21 Projects, and 238 Work Plans)**
 - Financial Management and the Sustainable Business Operation Enhancement: 5 projects and 11 Work Plans;
 - Credit Management: 7 projects and 46 Work Plans.
 - Empowerment and Effectiveness Enhancement of Human Resource: 5 Projects and 39 Work Plans.
 - Create and Strengthen the Risk Management System and the Foundation of Anti-Money Laundering: 6 Projects and 38 Work Plans.
 - International-level Corporate Governance and Becoming Qualified ASEAN Bank (QAB): 2 Projects and 2 Work Plans.

- **Strategy 2: Modernization, advanced technology, and innovation enhancing the business operation. A step into the digital era of economy (3 Plans, 12 Projects, and 142 Work Plans)**
 - Development and Management of the IT System: 5 projects and 61 Work Plans.
 - Management Information System and the Development and Modernization of the Statistic System to meet the international standard: 5 Projects and 12 Work Plans.
 - The Transformation to the Digital Banking: 2 Projects and 69 Work Plans.

- **Strategy 3: Strengthen the governance and the international standard service (3 Plans, 5 Projects, and 12 Work Plans)**
 - The Improvement of the Accounting System and the Reporting Standard: 3 Projects, and 3 Work Plans.
 - The Improvement of the Audit System to meet the International Standard: 2 projects, and 3 Work Plans.
 - The Development of the PCI Compliance or Payment Card Industry Data Security Standard: 3 Work Plans.

II. Financial position and performance

1. Lao Macro-Economy and trends in the future.

According to the report from IMF, the world economy is expecting to grow at 3,6%, which is lower than the expected ratio in January 2022 (4,4%). The National Economic Research Institute estimated that the growth might be around 4,0%. The contributed sectors were the Industrial Sector, which shall grow by 7,1% as expected the respective sectors are Service Sector and Agricultural Sector. The launching of the Laos-China Rail Way and Vientiane-Vangvieng Express Way can attract the domestic investment and tourism as well as the plan to open the country, which the approaches are believe to retrieve the Service Sector.

Nevertheless, Lao Economy may still confront with many difficulties, especially the spreading of the new type of COVID-19, which may widely spread within the region and the world; the conflict between major power countries that will impact the world product prices and the devaluation of the LAK, which may lead to the inflation. The economic stability is still fragile, especially on the government budget, national reserves in foreign currencies and the challenges to recover the service and tourism sectors.

1.1. Inflation Rate

The average inflation rate in March 2022 (Compare year-by-year) grew by 8,54% and it has seen to be considerably high comparing to the same period in the previous year. The reason for the high inflation rate was due to rise of the product prices such as transportation cost, shipping cost, goods, services and other types. Th high inflation rate was also due to an increase of oil price and the continued devaluation of LAK currency.

1.2. Exchange rates

As of March 2022, the average exchange rate of USD currency in banking sector was at 11.542 LAK/USD, which increased by 23% when comparing to the previous year. The exchange rate at the market was higher at 12.423 LAK/USD on the average growth of 22% per year. The gap between the bank rate and the market rate was 7%, which decreased significantly when comparing to the year 2021, which the ratio used to reach at 20%. There will be the continued rise of the LAK devaluation in the future, this might impact to the macroeconomy and the business operation of BCEL.

For the THB exchange rate, the average exchange rate increased by 8,4% from 311,6 LAK/THB in 2020 to 337,8 LAK/THB in 2021. The market rate's average rate was 340,5 LAK/THB or 8,7% grew from the rate of 313,2 LAK/THB. Nevertheless, the gap between the bank rate and the market rate increased from 0,2% in 2021 to 2% as of March 2022.

1.3. The Situation of import- exportation and investment

The import-exportation of Laos in 2021 has a growing trend, this has shown in the volume of the import-exportation as of March 2022, which reached 1.100 Mil USD. The exportation's

value was around 600 Mil USD, the importation's value was around 500 Mil USD and the trade surplus of 100 Mil USD (LTP March 2022).

1. Highlights of the Business Performance of BCEL

In Q1/2022, BCEL held 2 Ordinary Board of Directors' Meetings; completed the holding of the Business Review Meeting; issued the Agreement to approve the 2022 Business Plan for Branches; Completed the creation of the initial Business Plan of BCEL for 2022 and completed the auditing of BCEL's Financial Reposts for 2021. In additions, the bank has permanently closed Xiengmuan Service Unit in Luangprabang and completed the internal organization restructuring as follows:

- Combined the Marketing Division and the Corporate and Private Banking Division, to form the **Marketing and Corporate Client Division**.
- Combined the Risk Management Division and the Anti-Money Laundering Division, to form the Risk Management and Anti-Money Laundering **Division**.
- Merged the Credit Sales Division with the Credit Management Division to become the Credit Management Division;
- Renamed the Credit Operation Division to become the **the Assets and Liabilities Management Division**;

2. Highlights of the business performance of BCEL

In Q1.2022, BCEL has achieved the unaudited business performance shown in the separate financial statement in accordance with IFRS as follows:

- **Assets/Liabilities:** 74.530.026 million LAK, increase 3% of the year plan 2022 or 30% increase when compare to the same period of last year.
- **Total Loans:** 31.299.902 million LAK, which was 99% compared to the year plan 2022 or 8% increase when compare to the same period of last year;
- **Deposits:** 67.625.119 million LAK, increase 2% compared to the year plan 2022 or 30% increase when compare to the same period of last year;
- **Total Capital:** 1.968.016 Mil LAK, which was 93,16% of the year plan 2022 or 3,65% decreased from the same period of the last year;
- **Profit/(Loss) Before Tax:** (159.206) million LAK, which was -270% of the year plan 2022.
- **Profit/(Loss) After Tax:** (159.206) million LAK, which was -337% of the year plan 2022.

III. About BCEL

● Location and network

The Bank's Head Office is located on No.01, Pangkham Street, Ban XiengNheun, Chanthabouly District, Vientiane, Lao PDR. As of 31 March 2022, the Bank has 1 Head Office, 6 joint ventures, 20 branches, 97 service units, and 12 exchange units all over the Lao PDR.

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- **History of BCEL**

Banque pour le Commerce Extérieur Lao Public is operating in the form of a public company and listed in the Lao Securities Exchange.

BCEL) was established in accordance with the Decision on Bank Establishment No. 129/BOL dated 01 November 1989. 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, domestic investors (including BCEL's employees), 30% held by foreign investors, and 10% held by BCEL's strategic partner.

The main 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, payment services, international trade services, bank guarantee services, precious metal trading and other banking services allowed by the Bank of the Lao PDR such as insurance broker service.

Registered Capital

Registered capital of BCEL as of 31 March 2022 is 1.038.617 million LAK (31 December 2021: 1.038.617 million LAK)

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

1. The Structure and Profiles of the Board of Directors

1.1 The Board of Directors of BCEL:

The members of BCEL's Board of Directors (BOD) as of 31 March 2022 consists of 9 members. The detail is as follows:

- Dr. Bounleua Sinxayvoravong	Chairman
- Mr. Khamsouk Sundara	Vice Chairman
- Mr. Khamphout Sitthilath	Member
- Mr. Pasomphet Khamtanh	Member
- Mr. Stephane Mangiavacca	Member
- Mr. Thongpheth Chanthanivong	Member
- Mrs. Latdavanh Songvilay	Member
- Mr. Sonexay Silaphet	Member
- Mr. Viengsouk Chounthavong	Member

1.2. The Profiles of the Board of Directors

❖ Dr. Bounleua Sinxayvoravong: 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.

❖ **Mr. Khamphout Sitthilath: Member**



- Date of Birth: 28/05/1965
- Nationality: Lao
- Languages: Lao, English, Russian
- Designation: Managing Director
- A Higher Diploma in Political and Public Administration, National Academy of Political and Public Administration; Master Degree of Economics from Japan; Master Degree of Economics, Finance and Credits (Graduated with honors), Russia.

❖ **Mr. Pasomphet Khamtanh: Member**



- Date of Birth: 25/05/1970
- Nationality: Lao
- Languages: Lao, and English
- Designation: Deputy Director General of State Enterprise Investment and Insurance Supervision Department, Ministry of Finance.
- Education: Master's Degree of Economic and Business from Kyung Hee University in South Korea; Bachelor Degree in Machinery Management from Technical College, Laos.

❖ **Mr. Stephane MANGIAVACCA: Member**



- ❖ 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. Thongpheth Chanthanivong: Member**



- Date of Birth: 20/04/1962
- Nationality: Lao
- Languages: Lao and English
- Designation: Deputy Dean of Faculty of Economics and Business Administration, National University of Laos.
- Education: PhD. Candidate (Accountancy), 2021, Siphathum University, Thailand; Received CPA Certificate; International Business Management) at DeMons University in Belgium; Master in Business Administration at AIT University in Thailand; Bachelor Degree in Business Administration, the Co-project between National Politics School and AIT University in Thailand. Bachelor of Science (Mathematics and Physics), National University of Laos

❖ **Mrs. Latdavanh Songvilay: Member**



- Date of Birth: 27/04/1982
- Nationality: Lao
- Languages: Lao and English
- Designation: Acting Chief of Centre of Macroeconomics Policy Research and Economic Restructuring.
- Education: Master in Public Policy, National Graduate Institute for Policy Studies, Japan; Bachelor of Economics Faculty of Economics & Business Management, National University of Laos; Certificate of Economics, National University of Singapore.

❖ **Mr. Sonexay Silaphet: Member**



- Date of Birth: 01/01/1977
- Nationality: Lao
- Languages: Lao and English
- Designation: Vice President of Lao Chamber of Accountants and Auditors.
- Education: PhD. Candidate in Accountancy, Sripatum University, Thailand; Member of CPA Laos; Member of CPA Australia; Master of Business Administration major in Finance, Santapol College, Thailand; Bachelor Degree of Business Administration, Comcenter College, Laos; Member of Lao Institute of Chartered Public Accounts (LICPA); Diploma in Business Administration, major in Accounting at Pakpasak Technical College, Laos

❖ **Mr. Viengsouk Chounthavong: Member**



- Date of Birth: 15 August 1964
- Nationality: Lao
- Languages: Lao, English and Czech
- Designation: Chief of Credit Administration Division, Member of the BOD of BCEL-KT Securities Company
- Education: 45 days Political Theory Course, Politics and Administration School. Master's Degree in Economics and Commerce, Czech Republic.

2. The Management Structure

❖ **The Board of Management of BCEL consists of 7 members as follows:**

- Mr. Khamphout Sitthilath, Managing Director
- Mr. Nalinh Silavongsith, Deputy Managing Director
- Mr. Kongsack Souphonesy, Deputy Managing Director
- Mr. Nanthalath Keopaseuth, Deputy Managing Director
- Mr. Viengsouk Chounthavong, Deputy Managing Director
- Mrs. Bouaphayvanh Nandavong, Deputy Managing Director
- Mr. Saychit Simmavong, Deputy Managing Director



3. Operation of the Board of Directors and the Committees of the Board of Directors.

3.1 The meetings of the Board of Directors.

For Q1 of 2022, BCEL's Board of Directors (BOD) held 2 Ordinary Meetings. The highlights of the meetings are as follows:

- Considered and approved some loan applications under the right of the BOD;
- Approved the appointment of the Committees to the BOD and the Secretariate of the BOD;
- Considered and approved the schedule for BOD's ordinary Meetings, and the meeting of the Committees of the BOD for the year 2022 and the Plan to hold the Annual General Shareholders' Meeting for 2021;
- Approved on the principle basis for the establishment of BCEL's Asset Management Company to be the foundation to propose to the Shareholders' Meeting for consideration;

- Approved the result of the audited Financial Statement for 2021 according to the Lao Accounting Standard (LAS) and approved the result of the audited Financial Statement in accordance with IFRS by the BOD through Circular Letter;
- Approved the allocation of profit after tax for the year 2021 into regulatory reserves;
- Approved the Business Plan for 2022 of BCEL in order to propose to the Shareholders' Meeting for consideration;
- Approved the independent auditor for 2022 in order to propose to the Shareholders' meeting for consideration;
- Approved the plan to hold the Annual General Shareholders' Meeting for 2021 (AGM). The bank has set the closing date of the Shareholders book (Recorded Date) on 1 April 2022 to define the right to attend the AGM 2021; The meeting will be held on 29 April 2022 at Lao Plaza Hotel.
- Approved the agendas of the AGM 2021 and no dividend payment for 2021.

3.2 Risk Management Committee

The committee has paid attention to supervise the research and development of the regulations and policies on risk management. The committee also approved the policies and the regulations related to risk management and followed up on the implementation of the Basel 2 project.

3.3 Nomination and Remuneration Committee

The Board of Directors has resolved to join the function of the nomination committee with the remuneration committee into one single committee named the nomination and remuneration committee from early 2022. This committee has researched and approved the policies of BCEL in relation to appointment and placement of senior management positions and remuneration for the management, which aimed to ensure the benefits of BCEL and the shareholders. The committee also approved various policies before seeking further approval from the BOD of BCEL according to the procedure.

3.4 Governance Committee

The committee held 01 meeting to consider and approve the business performance of BCEL and other issues, which shall be brought to the BOD for consideration. The important detail is as follows:

- The committee followed up on supervising the business operation of BCEL on a regular basis, especially on the credit expansion, collection of NPL and the treasury work in each period.
- Followed up on the implementation of the business performance result, business plan, the long-term strategic plan and the implementation of the Business Plan and Projects;
- Followed up on the administration work and the human resource work of BCEL.
- Approved the proposal to establish BCEL's Asset Management Company and to propose to the BOD for consideration on the establishment model;
- Approved the Business Plan for 2022 and to propose to the Board of Directors for consideration;
- Considered the results of the audited Financial Report of BCEL for 2021 (LAS) and the consideration on the dividend of 2021 and to propose to the BOD for consideration;
- To consider and approve the agendas of the BOD's Meetings and the Shareholders' Meetings for the year 2021 to propose to the BOD for the approval.

3.5 Audit Committee

- Monitored on staff implementation of regulations, rights, procedure, attention on auditing, preventing the issues and feedback from the customers. This is to ensure the resolving of the issues to be on-time. The committee also monitored the use of credit approval authority at branches, and applied the appropriate measures in resolving issues;
- Conducted the regular audit, specialized audit, specific audit and urgent audit at Divisions, Centers and Branches of BCEL. The committee also followed up on the resolving of the findings from the internal and external auditors;
- Followed up on the resolving of the findings from the external and internal auditors on a regular basis;
- Completed the providing of the financial information of BCEL for the year 2021 to the audit company in order to support for the issuance of the audited financial reports in accordance with LAS and IFRS on the schedule specified in the contract;
- Completed the issuance of the audited Financial Reports of BCEL in accordance with LAS for 2021 in order to propose to the BOD for the approval.

V. Corporate Social Responsibility

➤ Corporate Social Responsibility and Social Support.

Along with the business operation and the other tasks implementation, the management and the staff of BCEL have greatly contributed to the work related to Corporate Social Responsibility (CSR), which has been one of the key elements in the core values of BCEL, the detail is as follows:

By applying 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. For Q1. 2022, there was 1 project: The Fund-Raising Project to support Health-Care Support for the Children in the Northern provinces, there were 343 donors and the total donated amount was 12,45 Mil LAK.

BCEL has also supported the society in various forms to fields of education and sports, health, the relief of natural disaster victims, national events and etc. The support was in the form of cash and materials. There were 7 events of social contribution' Q1 of the year 2022, the total value was 10,51 Mil LAK.

D. Managing Director



Nalinh SILAVONGSITH