

**BANQUE POUR LE COMMERCE EXTERIEUR
LAO PUBLIC**

**INTERIM SEPARATE FINANCIAL INFORMATION
(UNAUDITED)**

**FOR THE THREE-MONTH OF QUARTER III PERIOD ENDED
30 SEPTEMBER 2020**

Banque Pour Le Commerce Extérieur Lao Public

Interim separate financial information (Unaudited)

For the three-month of quarter III period ended 30 September 2020

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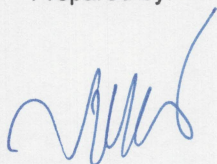
Banque Pour Le Commerce Exterieur Lao Public

Separate statement of income (Unaudited)

For the three-month of quarter III period ended 30 September 2020

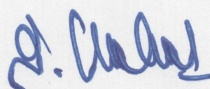
		For the three-month of quarter III period ended 30 September 2020	For the three-month of quarter III period ended 30 September 2019
	Notes	LAKm	LAKm
Interest income		572.193	562.116
Interest expense		(329.188)	(304.564)
Net interest and similar income	6	243.005	257.552
Fee and commission income		67.566	62.892
Fee and commission expense		(5.801)	(7.098)
Net fee and commission income	7	61.765	55.794
Net gain from dealing in foreign currencies		38.614	6.785
Other operating income		9.869	1.145
Total operating income		353.252	321.276
Credit loss expense of loans to customers		(55.381)	(154.665)
Additional of impairment losses of financial asset		1.150	(16.112)
NET OPERATING INCOME		299.021	150.499
Personnel expenses		(100.631)	(32.204)
Depreciation and amortisation		(18.042)	(18.103)
Depreciation of right-of-use assets		(1.676)	(1.451)
Other operating expenses	8	(34.616)	(41.808)
Total operating expenses		(154.965)	(93.566)
PROFIT BEFORE TAX		144.056	56.933
Income tax expense	20	(18.513)	(13.265)
NET PROFIT FOR THE PERIOD		125.543	43.668
Earnings per share (LAK)	9	604	210

Prepared by:



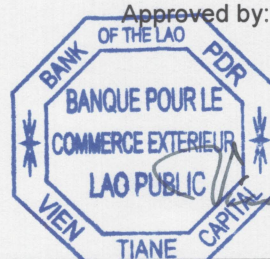
Mrs. Netnapha Sayalath
Deputy Chief of Accounting
Department
Vientiane, Lao PDR
Date: 12 November 2020

Approved by:



Mr. Kongsack Souphonesy
Chief of Internal Audit
Department

Approved by:



Mr. Viengsouk Chounthavong
Deputy Managing Director

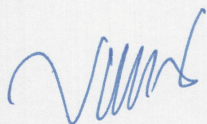
The accompanying notes on pages 7 to 19 form an integral part of these interim financial information

Banque Pour Le Commerce Exterieur Lao Public

Separate statement of comprehensive income (Unaudited) For the three-month of quarter III period ended 30 September 2020

	For the three-month of quarter III period ended 30 September 2020 LAKm	For the three-month of quarter III period ended 30 September 2019 LAKm
NET PROFIT FOR THE PERIOD	125.543	43.668
OTHER COMPREHENSIVE INCOME		
<i>Items that will be reclassified subsequently to profit or loss</i>		
Remeasurements of post-employment benefit obligations	(55)	-
Profit tax related to components of other comprehensive income	-	-
OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD, NET OF TAX	(55)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	125.488	43.668

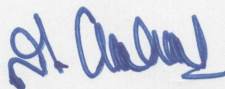
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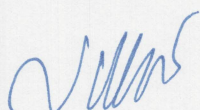
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Banque Pour Le Commerce Extérieur Lao Public

Separate statement of financial position (Unaudited) As at 30 September 2020

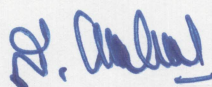
		30 September 2020	31 December 2019 Restated
	Notes	LAKm	LAKm
ASSETS			
Cash and balances with Bank of the Lao PDR		12.310.321	9.202.045
Due from banks	10	4.281.101	4.493.536
Loans to customers	11	30.498.167	27.490.492
Financial asset - Available-for-sale	12	94.725	129.623
Investment - Hold-to-maturity	13	3.375.887	3.453.937
Investment in joint ventures	14	541.407	516.047
Property and equipment	15	431.481	455.721
Right-of-use assets		53.799	54.814
Intangible assets	16	246.187	245.042
Deferred tax assets		18.996	28.768
Other assets		491.067	471.430
TOTAL ASSETS		52.343.138	46.541.455
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks and other financial institutions	17	4.081.572	4.063.635
Due to customers	18	43.013.645	36.419.928
Borrowings from other banks	19	2.906.589	3.705.378
Lease liabilities		14.647	14.249
Current tax liabilities	20	50.056	41.309
Other liabilities		199.499	210.577
TOTAL LIABILITIES		50.266.008	44.455.076
EQUITY			
Share capital	21	1.038.617	1.038.617
Statutory and other reserves	22	753.400	604.423
Remeasurement of post-employment benefit reserve		12.137	12.082
Retained earnings		272.976	431.257
TOTAL EQUITY		2.077.130	2.086.379
TOTAL LIABILITIES AND EQUITY		52.343.138	46.541.455

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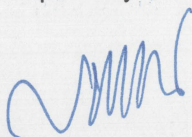
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Banque Pour Le Commerce Extérieur Lao Public

Separate statement of changes in equity (Unaudited) For the three-month of quarter III period ended 30 September 2020

	Share capital LAKm	Statutory and other reserves LAKm	Remeasurement of post- employment benefit reserve LAKm	Retained earnings LAKm	Total LAKm
Balances as at 31 December 2019 - restated	1.038.617	604.423	12.082	431.257	2.086.379
Dividend paid out to shareholders for the year 2019 (Note 23)	-	-	-	(168.879)	(168.879)
Net profit for the period	-	-	-	159.575	159.575
Appropriation to reserve for the year 2019	-	148.977	-	(148.977)	-
Remeasurement of post-employment benefits	-	-	55	-	55
Balances as at 30 September 2020	1.038.617	753.400	12.137	272.976	2.077.130

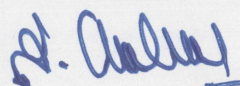
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Banque Pour Le Commerce Extérieur Lao Public

Separate statement of cash flows (Unaudited)

For the three-month of quarter III period ended 30 September 2020

	For the three-month of quarter III period ended 30 September 2020 LAKm	For the three-month of quarter III period ended 30 September 2019 LAKm
OPERATING ACTIVITIES	144.056	56.933
Profit before tax		
<i>Adjustments for:</i>		
Depreciation and amortization charges	18.042	18.103
Depreciation of right-of-use assets	1.676	1.451
Adjustments for OB under IFRS 16	-	(1.878)
Expense for impairment losses	55.381	154.665
Changes in provision for impairment loss on financial asset	(1.150)	(659)
Defined post-employment benefit expense	(3.087)	(79.648)
Interest income	(572.193)	(558.589)
Interest expense	329.188	304.564
Dividend income	(71)	(1.844)
Cash flows from operating profit before changing in operating assets and liabilities	(28.158)	(106.901)
<i>Changes in operating assets</i>		
Due from banks	319.259	(172.048)
Loans to customers	(1.829.619)	549.114
Financial investment - Available-for-sale	-	19.175
Investment - Held-to-maturity	3.878	141.387
Other assets	13.845	12.747
<i>Changes in operating liabilities</i>		
Due to other banks and the BOL	72.096	541.708
Due to customers	3.070.967	1.408.533
Borrowing from banks	(136.702)	(756.417)
Other liabilities	(337.757)	47.063
Interest received	110.771	245.599
Interest paid	(283.643)	(105.395)
Profit tax paid during the period	(16.011)	(10.000)
Net cash flows from operating activities	958.926	1.814.565
INVESTING ACTIVITIES		
Purchase and construction of fixed assets	(11.980)	(16.032)
Purchase intangible asset	2.813	-
Proceeds from disposals of fixed assets	-	859
Dividends received	71	1.844
Net cash flows used in investing activities	(9.095)	(13.329)
FINANCING ACTIVITIES		
Payment of dividend	-	-
Net cash flows used in financing activities	-	-

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Banque Pour Le Commerce Exterieur Lao Public

Separate statement of cash flows (Unaudited)

For the three-month of quarter III period ended 30 September 2020

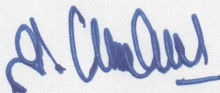
	Notes	For the three-month of quarter III period ended 30 September 2020 LAKm	For the three-month of quarter III period ended 30 September 2019 LAKm
Net increase in cash and cash equivalents		949.834	1.801.237
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period		949.834	1.801.237

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Vientiane, Lao PDR
Date: 12 November 2020

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Banque Pour Le Commerce Extérieur Lao Public

Notes to the condensed interim separate financial information (Unaudited) As at and for the three-month of quarter III period ended 30 September 2020

1. REPORTING ENTITY

Banque Pour Le Commerce Extérieur Lao Public (the Bank) is a public limited company which listed on the Securities Exchange of Lao PDR (LSX).

The Bank is incorporated and domiciled in Lao PDR, the address of the Bank's registered office is as follows:

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) main branches, ninety-seven (97) services units, and fifteen (15) exchange units all over Lao PDR.

The principal business operations of the Bank, its joint ventures (Note 14) are to provide banking services including:

- Mobilizing and receiving deposits from organizations and individuals
- Making loans to organizations and individuals
- Foreign exchange transactions
- International trade financial services
- Discounting of commercial papers
- Bonds and other valuable papers
- Insurance
- Securities

The shareholding structure of the Bank as at 30 September 2020 is as follows:

Shareholders	Number of shares	%
The Government	124.634.021	60
Strategic partners	20.772.359	10
Local investors (including employees of the Bank) and other foreign investors	62.316.920	30
	207.723.300	100

The interim financial information is presented in Lao Kip and rounded to the nearest million, unless otherwise stated.

The Bank issued another set of interim financial information. The significant difference from this report is the measurement of investment is measured as equity method in the interim financial information.

The interim financial information was authorised for issue by Board of director on 12 November 2020.

2. SIGNIFICANT EVENTS DURING THE CURRENT PERIOD

The Lao PDR Government ordered a temporary one-month halt to operations starting 1 April 2020 for most businesses, except some banks. Precautionary measures instituted with the government lockdown include restrictions and controls over travel and traffic.

The Government appears to have a good strategy for handling the COVID-19 pandemic. Currently, most businesses can run operations as normal except in some sectors such as hospitality and tourism. BCEL ('the Bank') isn't significantly affected by this.

Management considered COVID-19's impact on the Bank based on the situation in Lao PDR and believe there are no significant effects from it.

Banque Pour Le Commerce Extérieur Lao Public

Notes to the condensed interim separate financial information (Unaudited) As at and for the three-month of quarter III period ended 30 September 2020

3. BASIS OF ACCOUNTING

The condensed interim financial information was prepared in accordance with the Bank's accounting policies as described in more detail in the annual financial statements for the year ended 31 December 2019. The primary financial statements (i.e. statements of financial position, income, comprehensive income, cash flows and changes in equity) are presented in a format consistent with the annual financial statements and comply with the reporting and disclosure regulations issued by the Lao Securities Commission Office (LSCO).

According to the laws and regulations on accounting and auditing for the securities sector, issued by the Ministry of Finance (MoF) and LSCO, all listed companies who identify as Public Interest Entities (PIE) are required to prepare their financial statements in accordance with International Financial Reporting Standards (IFRS).

Regarding Notification No. 1137/MoF dated 27 April 2020 issued by MoF, PIE should fully adopt IFRS by 1 January 2026, which was postponed from 31 December 2021.

Also, LSCO issued announcement No. 0009/LSC on 25 May 2020 which states the extended time for listed companies to prepare their action plan for IFRS, which is until 31 December 2025. Listed companies must fully adopt IFRS as of 1 January 2026 onwards.

During the transitional period, PIE must set up a development plan to adopt IFRS and share this with MoF and LSCO for monitoring purposes. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2019.

In order to compare the financial report of nine-month period, it should be compared with financial report of six-month period.

The preparation of interim financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Contingent assets and liabilities are disclosed on the date the condensed interim financial information is prepared, with the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

4. ACCOUNTING POLICY

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2019, except for those discussed in this section.

With MoF and LSCO's announcement mentioned in note 3 above, the Bank is setting up a plan to fully adopt IFRS in the next few years for their accounting policies. Previously, the Bank adopted the International Financial Reporting Standard no. 13 "Fair value measurement" and the International Financial Reporting Standard no. 7 "Financial Instruments: Disclosures" and they change these accounting policies in 2020. This change has no effect on the interim financial information therefore, there is no retrospective adjustment for this matter.

Banque Pour Le Commerce Extérieur Lao Public

Notes to the condensed interim separate financial information (Unaudited) As at and for the three-month of quarter III period ended 30 September 2020

5. PRIOR YEAR ADJUSTMENT

After revisiting prior year transactions, management found transactions that should have been adjusted in the year's financial statements. This transaction is:

- 5.1 Deferred Income Tax. According to the new Tax Law approved by the National Assembly of Lao PDR on 18 June 2019, the profit tax rate from 2020 onwards has been changed from 24% to 20%. So, management adjusted the profit tax rate for deferred tax calculations in 2019 by using the new rate which will present deferred tax more appropriately.

The following tables show the affected financial information line items for each individual line item.

	As at 31 December 2019		
	Originally stated (LAKm)	Increase/ (decrease) (LAKm)	As restated (LAKm)
Statement of financial position			
ASSETS			
Deferred tax assets	34.521	(5.753)	28.768
TOTAL ASSETS	46.547.208	(5.753)	46.541.455
EQUITY			
Retained earnings	437.010	(5.753)	431.257
TOTAL EQUITY	2.092.132	(5.753)	2.086.379

6. NET INTEREST AND SIMILAR INCOME

	For the three-month of quarter III period ended 30 September 2020 LAKm	For the three-month of quarter III period ended 30 September 2019 LAKm
Interest income:		
Lending to customers	495.158	489.780
Deposits at other banks	13.823	16.021
Investment - Hold-to-maturity	55.390	51.361
Other interest income and similar income	7.822	4.954
	572.193	562.116
Interest expense:		
Due to other banks	(47.016)	(70.512)
Customer deposits	(282.172)	(234.052)
	(329.188)	(304.564)
Net interest and similar income	243.005	257.552

Banque Pour Le Commerce Extérieur Lao Public

Notes to the condensed interim separate financial information (Unaudited) As at and for the three-month of quarter III period ended 30 September 2020

7. NET FEES AND COMMISSION INCOME

	For the three-month of quarter III period ended 30 September 2020 LAKm	For the three-month of quarter III period ended 30 September 2019 LAKm
Fees and commission income from:		
Settlement services	44.425	45.855
Credit activities	14.340	10.876
Other activities	8.801	6.161
	67.566	62.892
Fees and commission expense for:		
Settlement services	(5.992)	(6.200)
Other activities	191	(898)
	(5.801)	(7.098)
Net fees and commission income	61.765	55.794

8. OTHER OPERATING EXPENSE

	For the three-month of quarter III period ended 30 September 2020 LAKm	For the three-month of quarter III period ended 30 September 2019 LAKm
Deposit Insurance paid to Depositor Protection Fund	5.608	7.831
Others	29.008	33.977
	34.616	41.808

9. EARNINGS PER SHARE

The calculations of basic earnings per share as at 30 September 2020 and 2019 were based on the profit for the period attributable to ordinary shareholders of the bank and the weighted average number of ordinary shares outstanding during the period as follows:

	For the three-month of quarter III period ended 30 September 2020	For the three-month of quarter III period ended 30 September 2019
Profit attributable to ordinary shareholders of the Company (LAKm)	125.543	43.668
Weighted average number of ordinary shares for basic earnings per share (shares)	207.723.300	207.723.300
Earnings per share (LAK)	604	210

Banque Pour Le Commerce Extérieur Lao Public

Notes to the condensed interim separate financial information (Unaudited) As at and for the three-month of quarter III period ended 30 September 2020

10. DUE FROM BANKS

	Unaudited 30 September 2020 LAKm	Audited 31 December 2019 LAKm
Current and saving accounts	3.224.305	3.919.881
- In LAK	14.262	23
- In foreign currencies	3.210.043	3.919.858
Term deposits	1.056.796	573.655
- In LAK	113.405	219.775
- In foreign currencies	943.391	353.880
	4.281.101	4.493.536

Interest rates for amounts due from other banks during the period are as follows:

	30 September 2020 % per annum	31 December 2019 % per annum
Demand deposits	0,07 – 1,10	0,00 – 3,10
Saving deposits	0,07 – 2,16	0,00 – 0,80
Term deposits	0,14 – 6,37	0,50 – 4,95

11. LOANS TO CUSTOMERS

	Unaudited 30 September 2020 LAKm	Audited 31 December 2019 LAKm
Gross loans to customers	31.536.466	28.141.033
<i>Loans funded by borrowings from BOL (see Note 19)</i>	1.940.625	1.825.039
Less: Allowance for impairment losses	(1.038.299)	(650.541)
	30.498.167	27.490.492

Changes in the allowance for impairment losses of loans to customers during the nine-month ended 30 September 2020 as follows:

	LAKm
Balance as at 1 January 2020 - audited	650.541
Net change during the period	358.623
Non-performing loans written-off	13.025
Foreign exchange differences	16.110
Balance as at 30 September 2020 - unaudited	1.038.299

Banque Pour Le Commerce Extérieur Lao Public

Notes to the condensed interim separate financial information (Unaudited) As at and for the three-month of quarter III period ended 30 September 2020

11. LOANS TO CUSTOMERS (CONTINUED)

Break down of allowance for impairment losses of loans to customers as at 30 September 2020 and 31 December 2019 are as follows:

	30 September 2020		31 December 2019	
	Outstanding balance LAKm	Impairment LAKm	Outstanding balance LAKm	Impairment LAKm
Individually impaired	3.388.161	982.779	4.008.282	401.513
Collectively impaired	26.521.861	55.520	22.979.708	249.028
	29.910.022	1.038.299	26.987.990	650.541

Interest rates for commercial loans during the period are as follows:

	30 September 2020 % per annum	31 December 2019 % per annum
Loans denominated in LAK	5,50 - 16,00	6,00 – 16,00
Loans denominated in USD	4,32 - 10,00	5,80 – 16,00
Loans denominated in THB	6,00 - 16,00	6,00 – 10,00

Analysis of loan portfolio by currency:

	Unaudited 30 September 2020 LAKm	Audited 31 December 2019 LAKm
Loans denominated in LAK	13.932.987	12.649.118
Loans denominated in USD	13.829.741	12.054.073
Loans denominated in THB	3.773.738	3.437.842
	31.536.466	28.141.033

Analysis of loan portfolio by original maturity:

	Unaudited 30 September 2020 LAKm	Audited 31 December 2019 LAKm
Short-term loans	2.546.430	1.581.901
Medium-term loans	17.501.686	16.311.131
Long-term loans	11.488.350	10.248.001
	31.536.466	28.141.033

12. FINANCIAL ASSET - AVAILABLE-FOR-SALE

The Bank has investment in share of EDL-Generation Public Company. EDL is a listed company on LSX and the fair value at 30 September 2020 is LAK 94.725 million.

Banque Pour Le Commerce Extérieur Lao Public

Notes to the condensed interim separate financial information (Unaudited) As at and for the three-month of quarter III period ended 30 September 2020

13. INVESTMENT - HOLD-TO-MATURITY

Significant movement of financial investment – held to maturity is as below:

	LAKm
Balance as at 1 January 2020 - audited	3.453.937
Additions	1.078.481
Collection	(1.156.531)
Balance as at 30 September 2020 - unaudited	3.375.887

14. INVESTMENT IN JOINT VENTURES

Investment in joint ventures as at 30 September 2020, and for the nine-month periods ended 30 September 2020 were as follows:

	Ownership interest		Cost	
	30 September 2020	31 December 2019	Unaudited 30 September 2020	Audited 31 December 2019
	(%)		(LAKm)	
BCEL - KT	70	70	70.000	70.000
Lao Viet Joint Venture Bank	25	25	197.839	197.839
Banque Franco - Lao Limited	30	30	114.000	90.000
Lao China Bank Company Limited	49	49	147.000	147.000
Lao-Viet Insurance Joint Venture Company	35	35	9.168	9.168
Lao National Payment Network Company Limited	20	20	3.400	2.040
Total			541.407	516.047

15. PROPERTY AND EQUIPMENT

Movements of property and equipment for the period are as follows:

	LAKm
Balance as at 1 January 2020 - audited	455.721
Additions	32.560
Disposal	(4.678)
Depreciation charge	(52.122)
Balance as at 30 September 2020 - unaudited	431.481

Banque Pour Le Commerce Extérieur Lao Public

Notes to the condensed interim separate financial information (Unaudited) As at and for the three-month of quarter III period ended 30 September 2020

16. INTANGIBLE ASSET

Movements of intangible asset for the period are as follows:

	LAKm
Balance as at 1 January 2020 - audited	245.042
Additions	3.327
Depreciation charge	(2.182)
Balance as at 30 September 2020 - unaudited	246.187

17. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	Unaudited 30 September 2020 LAKm	Audited 31 December 2019 LAKm
Demand deposits	3.283.342	3.522.988
- In LAK	1.144.458	1.127.264
- In foreign currencies	2.138.884	2.395.724
Saving deposits	80.995	302.654
- In LAK	45.410	45.567
- In foreign currencies	35.585	257.087
Term deposits	707.460	215.345
- In LAK	319.800	137.359
- In foreign currencies	387.660	77.986
Others	9.775	22.648
- In LAK	8.865	15.166
- In foreign currencies	910	7.482
	4.081.572	4.063.635

Interest rates for deposits from other banks and financial institutions during the period are as follows:

	30 September 2020 % per annum	31 December 2019 % per annum
Demand deposits	No interest	0,00 – 0,30
Saving deposits	No interest	No interest
Term deposits	0,56 – 6,37	0,56 – 6,65

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18. DUE TO CUSTOMERS

	Unaudited 30 September 2020 LAKm	Audited 31 December 2019 LAKm
Demand deposits	6.105.219	5.851.192
Demand deposits in LAK	2.935.248	2.828.297
Demand deposits in FC	3.169.971	3.022.895
Demand savings	20.408.514	16.422.065
Demand saving deposits in LAK	9.975.086	8.015.243
Demand saving deposits in FC	10.433.428	8.406.822
Term deposits	16.345.605	13.900.002
Term deposits in LAK	8.732.046	7.640.736
Term deposits in FC	7.613.559	6.259.266
Margin deposits	60.033	104.854
Margin deposits in LAK	38.873	33.832
Margin deposits in FC	21.160	71.022
Other payables to customers	94.274	141.815
	43.013.645	36.419.928

Saving deposits from customers denominated in LAK, USD and THB bear interest at rate ranging of 1,25% – 1,89%, 0,90% - 1,15% and 0,45% – 0,90% per annum respectively.

Fixed term deposits in LAK, USD, THB have terms of 3, 6, 12 months and more than 1 year and are subject to interest rates ranging of 3,16% – 13%, 1,65% - 7,75% and 1,40% – 7,75% per annum respectively.

19. BORROWINGS FROM OTHER BANKS

Movements in long term borrowings as at 30 September 2020 were as follow:

	LAKm
Balance as at 1 January 2020 - audited	3.705.378
Additions	124.867
Repayments	(1.062.590)
Loss on exchange rate	138.934
Balance as at 30 September 2020 - unaudited	2.906.589

	Unaudited 30 September 2020 LAKm	Audited 31 December 2019 LAKm
Borrowings from the BOL	1.940.625	1.825.039
Borrowings from others bank	965.964	1.880.339
	2.906.589	3.705.378

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20. CURRENT TAX LIABILITIES

	Unaudited 30 September 2020 LAKm	Audited 31 December 2019 LAKm
Profit tax payable (1)	32.862	28.553
Value Added Tax payable	16.577	12.156
Other payable	617	600
	50.056	41.309

(1) Movements of profit tax payable for the period are as follows:

	LAKm
Balance as at 1 January 2020 - audited	28.553
Profit tax during the period (2) *	40.996
Payment during the period	(36.687)
Balance as at 30 September 2020 - unaudited	32.862

*According to revised Tax Law, dated 18 June 2019, approved by National Assembly, profit tax rate start from 1 January 2020 is 20% (2019: 24%).

(1) Income tax expense for three-month of quarter III period ended 30 September 2020 and 30 September 2019 are as follows:

	For the three-month of quarter III period ended 30 September 2020 LAKm	For the three-month of quarter III period ended 30 September 2019 LAKm
Current income tax	(28.382)	(15.186)
Deferred income tax	9.869	1.921
	(18.513)	(13.265)

21. SHARE CAPITAL

There has been no change to charter capital during the period.

22. STATUTORY RESERVES AND OTHER RESERVES

	Regulatory reserve fund LAKm	Business expansion fund LAKm	Other Reserve LAKm	Total LAKm
Balance as at 1 January 2020 - audited	170.892	433.531	-	604.423
Appropriations to reserves from LAS profit of BCEL Bank	34.881	104.640	9.456	148.977
Balance as at 30 September 2020 -unaudited	205.773	538.171	9.456	753.400

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23 DIVIDENDS

At the shareholder's meeting on 29 May 2020, the annual general shareholders' meeting had a resolution to approve for payment of the dividend for 2019 of LAK 169 billion (LAK 813 per share). It was paid to shareholders on 5 June 2020.

24. ADDITIONAL CASH FLOW INFORMATION

Cash and cash equivalents included in the interim separate statement of cash flows comprise the following interim separate statement of financial position amounts:

	Unaudited 30 September 2020 LAKm	Unaudited 30 September 2019 LAKm
Cash and cash equivalents on hand	2.062.385	1.920.685
Demand deposits with the BOL	8.304.667	4.322.595
Current accounts with other banks	3.224.305	4.786.818
Term deposit due within 90 days	102.151	700.797
	13.693.508	11.730.895

25. COMMITMENTS

	30 September 2020 LAKm	31 December 2019 LAKm
Financial letter of guarantees	449.468	400.347
At sight letters of credit	173.890	350.346
Credit limit given to customer	3.204.595	2.434.380
Credit limit given to other banks	548	548
	3.828.501	3.185.621

Financial letter of guarantees

Letters of credit (including standby letters of credit) and bank guarantees commit the Bank to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of the contract. Guarantees and standby letters of credit carry the same credit risks as loans. Credit guarantees can be in the form of bills of exchange or in the form of irrevocable letters of credit, advance payment guarantees, and endorsement liabilities from bills discounted.

Credit limit given to customers and other banks

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiry dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

However, the potential credit loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

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26. CAPITAL MANAGEMENT

The Bank maintains minimum regulatory capital in accordance with Regulation No. 536/BFSD/BOL dated 14 October 2009 by the Governor of Commercial Bank Supervision Department of BOL and other detailed guidance. The primary objective of the Bank's capital management is to ensure that the Bank complies with externally imposed capital requirements by the BOL. The Bank recognizes the need to maintain effectiveness of assets and liabilities management to balance its profit and capital adequacy.

In accordance with Regulation 536/BFSD/BOL, the Bank's regulatory capital includes 2 tiers:

- ▶ Tier 1 capital, which includes charter capital, regulatory reserve fund, business expansion fund and other funds, and retained earnings;
- ▶ Tier 2 capital, which is the lower of: 1,25% of total risk weighted balance sheet items; or outstanding balance of general provision and provision for risk and other expense during the nine-month period.

Various limits are applied to elements of the capital base: qualifying tier 2 cannot exceed tier 1 capital, and qualifying subordinated liabilities may not exceed 50% of tier 1 capital.

An analysis of the Bank's capital based on financial information derived from the interim separate financial statements is as follows:

	30 September 2020 LAKm	31 December 2019 LAKm
Tier 1 capital	2.077.130	2.086.379
Tier 2 capital	-	-
Total capital	2.077.130	2.086.379
Less: Deductions from capital (Investments in other entities)	(541.407)	(516.047)
Capital for CAR calculation (A)	1.535.723	1.570.332
Risk weighted balance sheet items	15.536.764	13.346.980
Risk weighted off balance sheet items	1.777.808	1.595.547
Total risk weighted assets (B)	17.314.572	14.942.527
Capital Adequacy Ratio (A/B)	8,87%	10,51%

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Notes to the condensed interim separate financial information (Unaudited) As at and for the three-month of quarter III period ended 30 September 2020

27. RELATED PARTY DISCLOSURES

- a) The major shareholders of the Bank are the Government Lao., holding 60% of the Bank's shares. The Bank's remaining shares are widely held.

Information on the Bank's interests in joint ventures is provided in Note 14.

- b) Outstanding balances arising from interest income, interest expense and other.

	30 September 2020 LAKm	30 September 2019 LAKm
Interest income and other		
Parent company	133.256	125.103
Interest expense and other		
Parent company	(73.829)	(93.437)

Transactions with key management personnel of the Bank

- c) Remuneration to members of the Board of Directors and the Board of Management of the parent Bank is as follows:

	30 September 2020 LAKm	30 September 2019 LAKm
Salaries	966	1.098
Bonus	523	518
Responsibility allowance	680	756
Other benefits	-	48
	2.169	2.420

- d) Significant transactions as at 30 September 2020 with related parties were as follows:

The outstanding balances at the end of the reporting period in relation to transactions with related parties are as follows:

	30 September 2020 LAKm	31 December 2019 LAKm
Receivables		
Parent company	3.377.442	3.458.956
Joint venture	1.459.432	1.196.531
Related party	10.236.270	7.151.949
Payables		
Joint venture	1.268.263	1.104.779
Related party	1.944.896	1.831.849