

**BANQUE POUR LE COMMERCE EXTERIEUR
LAO PUBLIC**

INTERIM FINANCIAL INFORMATION (UNAUDITED)

**FOR THE THREE-MONTH PERIOD OF QUARTER I ENDED
31 March 2022**

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Banque pour le commerce extérieur lao public

Statement of income (Unaudited)

For the Three-month period of quarter I ended 31 March 2022

		For the three-month period of quarter I ended 31 March 2022 LAKm	For the three-month period of quarter I ended 31 March 2021 LAKm
	Notes		
Interest incomes		515.753	588.429
Interest expenses		(416.135)	(354.490)
Net interest incomes	5	99.618	233.939
Fee and commission incomes		102.362	79.341
Fee and commission expenses		(18.532)	(8.695)
Net fee and commission incomes	6	83.830	70.646
Net gain/(loss) from dealing in foreign currencies		(15.542)	8.729
Other operating income		23.434	34.629
Total operating income		191.340	347.943
Credit loss expense of loans to customers		(211.443)	(125.044)
impairment losses of financial asset		-	(3.835)
NET OPERATING INCOME		(20.103)	219.064
Personnel expenses		(74.000)	(84.659)
Depreciation and amortization		(23.681)	(20.271)
Depreciation of right-of-use assets		(1.955)	(1.560)
Other operating expenses	7	(44.034)	(37.872)
Total operating expenses		(143.670)	(166.410)
Share of profit and loss of associates and joint ventures		4.568	13.001
PROFIT BEFORE TAX		(159.205)	81.149
Income tax expense		-	(18.769)
Deferred profit tax (expense)/income		-	(2.678)
NET PROFIT FOR THE PERIOD		(159.205)	65.057
Earnings per share (LAK)	8	(766)	313

Prepared by:

Approved by:

Mrs. Phousengthong Anoulakkham
Chief of Accounting Department

Mrs. Phetsamone Somsana
Deputy Chief of Internal
Audit Department

Mr. Saychit Simmavong
Deputy Managing Director

Vientiane, Lao PDR
Date: 12 May 2022



The accompanying notes on pages 7 to 20 form an integral part of these interim financial information

Banque Pour Le Commerce Extérieur Lao Public

Statement of comprehensive income (Unaudited)
For the three-month period of quarter I ended 31 March 2022

	For the three-month period of quarter I ended 31 March 2022 LAKm	For the three-month period of quarter I ended 31 March 2021 LAKm
NET PROFIT FOR THE PERIOD	(159.205)	65.057
OTHER COMPREHENSIVE INCOME		
Remeasurement loss on defined benefit plan	(3.391)	-
OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD, NET OF TAX	(3.391)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(162.596)	65.057

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Banque Pour Le Commerce Extérieur Lao Public

Statement of financial position (Unaudited)

For the three-month period of quarter I ended 31 March 2022

	Notes	31 March 2022 LAKm	31 December 2021 LAKm
ASSETS			
Cash and balances with Bank of the Lao PDR		22.056.053	19.022.276
Due from banks	9	10.973.858	9.182.845
Loans to customers	10	33.832.933	32.372.070
Financial investments - Available-for-sale	11	93.191	91.657
Financial investments - Held-to-maturity	12	5.302.385	5.273.352
Investments in associates and joint ventures	13	649.924	643.318
Property and equipment	14	569.082	563.503
Intangible assets	15	53.760	293.321
Right-of-use assets		290.551	55.713
Deferred tax assets		37.015	37.015
Advance profit tax		24.912	24.015
Other assets		646.362	677.906
TOTAL ASSETS		74.530.026	68.236.991
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks and other financial institutions	16	6.066.826	5.269.436
Due to customers	17	62.362.975	57.169.169
Borrowings from other banks	18	3.550.020	3.354.623
Lease liabilities		30.170	29.595
Other liabilities		552.019	282.022
TOTAL LIABILITIES		72.562.010	66.104.845
EQUITY			
Share capital	19	1.038.617	1.038.617
Statutory reserves	20	831.667	831.667
Other comprehensive items		6.491	11.416
Retained earnings		91.241	250.446
TOTAL EQUITY		1.968.016	2.132.146
TOTAL LIABILITIES AND EQUITY		74.530.026	68.236.991

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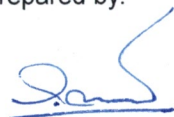
Banque Pour Le Commerce Exterieur Lao Public

Statement of changes in equity (Unaudited)

For the three-month period of quarter I ended 31 March 2022

	Share capital LAKm	Statutory reserves LAKm	Remeasurement of post-employment benefit reserve LAKm	Remeasurement of financial investment- Available-for-sale LAKm	Retained earnings LAKm	Total LAKm
Balances as at 31 December 2021	1.038.617	831.667	9.882	1.534	250.446	2.132.146
Net profit for the period	-	-	-	-	(159.205)	(159.205)
Remeasurement of post-employment benefit reserve	-	-	(3.391)	-	-	(3.391)
Remeasurement in the fair value of financial investment- Available-for-sale	-	-	-	(1.534)	-	(1.534)
Balances as at 31 March 2022	1.038.617	831.667	6.491	-	91.241	1.968.016

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Banque Pour Le Commerce Exterieur Lao Public

Statement of cash flows (Unaudited)

For the three-month period of quarter I ended 31 March 2022

	Notes	For the three-month period of quarter I ended 31 March 2022 LAKm	For the three-month period of quarter I ended 31 March 2021 LAKm
OPERATING ACTIVITIES			
Profit before tax		(159.205)	81.149
<i>Adjustments for:</i>			
Depreciation and amortization charges	14,15	23.681	20.271
Depreciation of right-of-use assets		1.955	1.029
Expense for impairment losses	10	211.443	125.044
Impairment loss on financial investments – Available-for sale		(1.535)	3.835
Share of profit and loss of associates and joint ventures	13	(4.568)	(9.474)
Defined post-employment benefit expense		-	2.297
Unrealise loss on exchange rate		137.746	-
Interest incomes		(515.753)	(588.428)
Interest expenses		416.135	354.490
Cash flows from operating profit before changing in operating assets and liabilities		109.901	(9.788)
<i>Changes in operating assets</i>			
Net change in balances with other banks		(2.292.298)	1.128
Net change in loans to customers		(262.929)	(173.112)
Net change in investment -Available-for-sale		(1.534)	3.834
Net change in financial investment - Held-to-maturity		(1.212)	(256.192)
Net change in other assets		122.123	5.239
<i>Changes in operating liabilities</i>			
Net change in due to other banks		787.682	1.038.495
Net change in due to customers		5.050.245	2.473.130
Net change in Borrowing from other banks		(88.310)	42.985
Net change in Lease liabilities		(27.417)	-
Net change in other liabilities		261.756	(10.111)
Interest received		(963.853)	2.000.777
Interest paid		(139.792)	(302.000)
Tax paid during the period		-	(16.717)
Net cash flows generated from operating activities		2.554.363	4.797.669
INVESTING ACTIVITIES			
Purchase and construction of fixed assets		(21.696)	(13.545)
Purchase of intangible asset		(239)	(1.001)
Proceeds from disposals of fixed assets		296	1.490
Purchase of right-of-use assets		6.460	145
Payment for associates and joint venture investments	13	(2.040)	-
Dividends received from associates and joint venture investment		-	(1.360)
Payment from investment in financial investments – hold to maturity	12	(27.821)	-
Net cash flows used in investing activities		(45.039)	(14.271)

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Banque Pour Le Commerce Extérieur Lao Public

Statement of cash flows (Unaudited)
For the three-month period of quarter I ended 31 March 2022

		For the three-month period of quarter I ended 31 March 2022 LAKm	For the Three-month period of quarter I ended 31 March 2021 LAKm
	Notes		
FINANCING ACTIVITIES			
Payment on lease liabilities		21.164	-
Net cash flows used in financing activities		21.164	-
Net increase in cash and cash equivalents		2.530.488	4.783.398
Cash and cash equivalents at the beginning of the period		25.867.759	11.722.384
Cash and cash equivalents at the end of the period	21	28.398.247	16.505.782

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Banque Pour Le Commerce Extérieur Lao Public

Condensed notes to the interim financial information (Unaudited) For the three-month period of quarter I ended 31 March 2022

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 Xiengneun, Chanthabouly District, Vientiane Capital, Lao PDR, as at 31 March 2022. the Bank has one (01) Head Office, six (6) associates and joint ventures, twenty (20) main branches, ninety-six (96) services units, and twelve (12) exchange units all over Lao PDR.

The principal business operations of the Bank are to provide banking services including:

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

The shareholding structure of the Bank as at 31 March 2022 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 interim financial information was authorized for issue by BCEL Directors on 12 May 2022.

2. SIGNIFICANT EVENTS DURING THE CURRENT PERIOD

The Bank of Lao PDR has announced several COVID-19 pandemic temporary relief measures such as they have waived compliance with Regulation 512/BOL for commercial banks and financial institutions, dated 29 June 2018. This means that after loans are restructured, they can be classified in the same group as they were before restructuring. The waiver also allows commercial banks to restructure loans classified as 'non-performing loans' more than twice and lend credit to customers affected by COVID-19.

Condensed notes to the interim financial information (Unaudited)
For the three-month period of quarter I ended 31 March 2022

2. SIGNIFICANT EVENTS DURING THE CURRENT PERIOD (CONTINUED)

In response, the Bank has continually applied with the Bank of Lao PDR's announcement such as loan restructuring and closely monitored the effect of COVID-19 to customers which might have an impact to its loan portfolio.

3. BASIS OF ACCOUNTING

The 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 2021. 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).

The interim financial information should be read in conjunction with the annual financial statements for the year ended 2021 and financial statements of three-month 2021.

The preparation of financial information requires management to make estimates and assumptions that affect the reported assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial information and the 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 2021.

5. NET INTEREST INCOMES

	For the three-month period of quarter I ended 31 March 2022 LAKm	For the three-month period of quarter I ended 31 March 2021 LAKm
Interest incomes:		
Lending to customers	402.346	508.216
Deposits at other banks	33.259	12.443
Investment - Hold-to-maturity	73.433	58.105
Other interest income and similar income	6.715	9.267
	515.753	588.428
Interest expenses:		
Due to other banks	(54.507)	(49.846)
Customer deposits	(361.628)	(304.644)
	(416.135)	(354.490)
Net interest incomes	99.618	233.938

Condensed notes to the interim financial information (Unaudited)
For the three-month period of quarter I ended 31 March 2022

6. NET FEES AND COMMISSION INCOMES

	For the three-month period of quarter I ended 31 March 2022 LAKm	For the Three-month period of quarter I ended 31 March 2021 LAKm
Fees and commission incomes from:		
Settlement services	84.360	58.391
Credit activities	1.392	10.117
Other activities	16.610	10.833
	102.362	79.341
Fees and commission expenses for:		
Settlement services	(10.366)	(7.382)
Other activities	(8.166)	(1.313)
	(18.532)	(8.695)
Net fees and commission incomes	83.831	70.646

7. OTHER OPERATING EXPENSES

	For the three-month period of quarter I ended 31 March 2022 LAKm	For the three-month period of quarter I ended 31 March 2021 LAKm
Deposit Insurance paid to Depositor Protection Fund	14.356	11.009
Repair and maintenance	5.685	5.798
Stationery and office materials	4.079	3.668
Insurance expense	2.028	2.334
Telecommunication	2.238	2.619
Utilities	1.822	1.822
Others	13.826	14.182
	44.034	41.431

Condensed notes to the interim financial information (Unaudited)
For the three-month period of quarter I ended 31 March 2022

8. EARNINGS PER SHARE

The calculations of basic earnings per share as at 31 March 2022 and 2021 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 period of quarter I ended 31 March 2022	For the three-month period of quarter I ended 31 March 2021
Profit attributable to ordinary shareholders of the Bank (LAKm)	(159.205)	65.057
Weighted average number of ordinary shares for basic earnings per share (shares)	207.723.300	207.723.300
Earnings per share (LAK)	(766)	313

Net operating Loss for the three-month period of quarter I ended 31 March 2022 is LAK (163.773) million which loss per share is (788) LAK per share and operating profit For the three-month period of quarter I ended 31 March 2021 was LAK 55.583 million which earnings per share was 268 LAK per share.

9. DUE FROM BANKS

	Unaudited 31 March 2022 LAKm	Audited 31 December 2021 LAKm
Current and saving accounts	7.237.489	7.707.398
- In LAK	199.369	181.421
- In foreign currencies	7.038.120	7.525.977
Term deposits	3.712.707	1.468.772
- In LAK	2.305.000	747.890
- In foreign currencies	1.407.707	720.882
Accrued interest receivable	23.662	6.675
	10.973.858	9.182.845

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

	31 March 2022 % Per annum	31 December 2021 % Per annum
Demand deposits	0,07 - 1,10	0,07 - 1,10
Saving deposits	0,07 - 2,16	0,07 - 2,16
Term deposits	0,15 - 6,36	0,15 - 6,36

Condensed notes to the interim financial information (Unaudited)
For the three-month period of quarter I ended 31 March 2022

10. LOANS TO CUSTOMERS

	Unaudited 31 March 2022 LAKm	Audited 31 December 2021 LAKm
Gross loans	31.299.902	30.080.974
Less: Allowance for impairment losses	(1.536.641)	(1.457.635)
Accrued interest receivable	4.069.672	3.748.731
	33.832.933	32.372.070

Changes in the allowance for impairment losses of loans to customers during the three-month ended 31 March 2022 as follows:

	LAKm
Balance as at 1 January 2022 - audited	1.457.635
Net change during the period	68.232
Non-performing loans written-off	(12.477)
Foreign exchange differences	23.251
Balance as at 31 March 2022 - unaudited	1.536.641

Break down of allowance for impairment losses of loans to customers as at 31 March 2022 are as follows:

	31 March 2022		31 December 2021	
	Outstanding balance LAKm	Impairment LAKm	Outstanding balance LAKm	Impairment LAKm
Individually impaired	4.859.896	931.027	5.888.337	1.109.137
Collectively impaired	26.440.006	605.614	24.192.637	348.498
	31.299.902	1.536.641	30.080.974	1.457.635

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

	31 March 2022 % Per annum	31 December 2021 % Per annum
Loans denominated in LAK	5,00 - 16,00	5,50 - 16,00
Loans denominated in USD	4,24 - 16,00	4,25 - 16,00
Loans denominated in THB	6,00 - 11,50	6,00 - 10,00

Banque Pour Le Commerce Extérieur Lao Public**Condensed notes to the interim financial information (Unaudited)
For the three-month period of quarter I ended 31 March 2022****10. LOANS TO CUSTOMERS (CONTINUED)***Analysis of loan portfolio by currency:*

	Unaudited 31 March 2022 LAKm	Audited 31 December 2021 LAKm
Loans denominated in LAK	11.059.086	10.920.255
Loans denominated in USD	16.162.328	15.408.832
Loans denominated in THB	4.078.488	3.751.887
	31.299.902	30.080.974

Analysis of loan portfolio by original maturity:

	Unaudited 31 March 2022 LAKm	Audited 31 December 2021 LAKm
Short-term loans	2.886.516	2.714.300
Medium-term loans	17.875.000	17.234.346
Long-term loans	10.538.386	10.132.328
	31.299.902	30.080.974

11. FINANCIAL INVESTMENTS - AVAILABLE-FOR-SALE

The Bank has investment in share of EDL-Generation Public Company which is a listed company on LSX and the fair value at 31 March 2022 is LAK 93.191 million.

12. FINANCIAL INVESTMENTS - HELD-TO-MATURITY

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

	LAKm
Balance as at 1 January 2022 - audited	5.273.352
Additions	30.245
Amortise during the period	(1.212)
Collection	-
Balance as at 31 March 2022 - unaudited	5.302.385

Condensed notes to the interim financial information (Unaudited)
For the three-month period of quarter I ended 31 March 2022

13. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Significant movement of investment in associates and joint ventures is as below:

	LAKm
Balance as at 1 January 2022 - audited	643.318
Share of profit and loss of associates and joint ventures	4.568
Invest in associates and joint venture *	2.040
Less: Dividends received during the period	-
Balance as at 31 March 2022 - unaudited	649.925

* The bank has additional investment in Lao nation payment network company totally LAK 2.040 million.

Investment in associated and joint ventures as at 31 March 2022 were as follows:

	Ownership interest		Cost		Equity	
	31	31	Unaudited	Audited	Unaudited	Audited
	March	December	31	31	31	31
	2022	2021	March	December	March	December
	(%)		2022	2021	2022	2021
			LAKm			
BCEL - Krung Thai Securities Company Limited	70	70	70.000	70.000	74.000	74.920
Lao Viet Joint Venture Bank	25	25	197.839	197.839	255.813	252.650
Banque Franco - Lao Limited	30	30	126.000	126.000	127.444	128.048
Lao China Bank Company Limited	49	49	147.000	147.000	169.738	168.675
Lao-Viet Insurance Joint Venture Company	35	35	9.168	9.168	14.918	14.282
Lao National Payment Network Company Limited	20	20	6.800	4.760	8.012	4.743
Total			556.807	554.767	649.924	643.318

Condensed notes to the interim financial information (Unaudited)
For the three-month period of quarter I ended 31 March 2022

14. PROPERTY AND EQUIPMENT

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

	LAKm
Balance as at 1 January 2022- audited	563.503
Additions*	46.013
Transfer to other assets	(19.466)
Write off/Disposal, net	(296)
Depreciation charge	(20.672)
Balance as at 31 March 2022 - unaudited	569.082

* In this period, the most additions to property and equipment were servers, IT equipment, money sorting machine etc.

15. INTANGIBLE ASSETS

Movements of intangible asset for the period are as follows:

	LAKm
Balance as at 1 January 2022 - audited	293.321
Additions	240
Depreciation charge	(3.010)
Balance as at 31 March 2022 - unaudited	290.551

16. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	Unaudited 31 March 2022 LAKm	Audited 31 December 2021 LAKm
Demand deposits	5.025.083	4.239.624
- In LAK	2.481.821	1.691.702
- In foreign currencies	2.543.262	2.547.922
Saving deposits	177.234	222.603
- In LAK	80.919	113.520
- In foreign currencies	96.315	109.083
Term deposits	787.369	764.652
- In LAK	258.870	261.870
- In foreign currencies	528.499	502.782
Others	68.787	20.652
- In LAK	64.707	19.912
- In foreign currencies	4.080	740
Accrued interest payable	8.353	21.905
	6.066.826	5.269.436

Condensed notes to the interim financial information (Unaudited)
For the three-month period of quarter I ended 31 March 2022

16. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS (CONTINUED)

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

	31 March 2022	31 December 2021
	% Per annum	% Per annum
Demand deposits	0,00 – 0,30	0,00 – 0,30
Saving deposits	No interest	No interest
Term deposits	0,56 – 6,65	0,56 – 6,65

17. DUE TO CUSTOMERS

	Unaudited	Audited
	31 March 2022	31 December 2021
	LAKm	LAKm
Demand deposits	8.591.357	7.627.802
Demand deposits in LAK	3.973.821	3.453.603
Demand deposits in FC	4.617.536	4.174.199
Savings deposits	31.230.705	28.428.750
Demand saving deposits in LAK	14.870.318	13.710.668
Demand saving deposits in FC	16.360.387	14.718.082
Term deposits	21.752.273	20.439.404
Term deposits in LAK	9.575.828	9.446.282
Term deposits in FC	12.176.445	10.993.122
Margin deposits	60.396	79.905
Margin deposits in LAK	29.722	24.830
Margin deposits in FC	30.674	55.075
Other payables to customers	192.305	95.915
Accrued interest payable	535.939	497.393
	62.362.975	57.169.169

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% – 0,70% 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% – 12,15%, 1,65% - 7,75% and 1,1% – 7,75% per annum respectively.

Condensed notes to the interim financial information (Unaudited)
For the three-month period of quarter I ended 31 March 2022

18. BORROWINGS FROM OTHER BANKS

Movements in long term borrowings as at 31 March 2022 were as follow:

	LAKm
Balance as at 1 January 2022 - audited	3.161.581
Additions	40.000
Repayments	(46.936)
Loss on exchange rate	160.633
Balance as at 31 March 2022 - unaudited	3.315.278

	Unaudited 31 March 2022 LAKm	Audited 31 December 2021 LAKm
Borrowings from the BOL	2.358.194	2.251.071
Borrowings from others bank	957.084	910.510
Total	3.315.278	3.161.581
 Accrued interest payable	 234.743	 193.042
	3.550.020	3.354.623

19. SHARE CAPITAL

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

20. STATUTORY RESERVES

There has been no change to Statutory Reserves during the period.

**Condensed notes to the interim financial information (Unaudited)
For the three-month period of quarter I ended 31 March 2022****21. ADDITIONAL CASH FLOW INFORMATION**

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

	Unaudited 31 March 2022 LAKm	Unaudited 31 March 2021 LAKm
Cash and cash equivalents on hand	3.430.036	2.840.951
Demand deposits with the BOL	16.779.784	9.965.906
Current accounts with other banks	7.237.489	3.698.924
Term deposit due within 90 days	950.937	-
	28.398.247	16.505.781

22. COMMITMENTS

	31 March 2022 LAKm	31 December 2021 LAKm
Un-drawn commitments to lend for customers (ii)	2.428.532	1.917.706
Letter of credit and bank guarantees (i)	379.608	502.217
At sight letters of credit	435.965	375.568
Deferred payment letters of credit	69.065	-
Un-drawn commitments to lend for other banks (ii)	-	-
	3.313.170	2.795.491

(i) Letter of credit and bank 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.

(ii) Un-drawn commitments to lend

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.

Condensed notes to the interim financial information (Unaudited)
For the three-month period of quarter I ended 31 March 2022

23. 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 six-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 financial statements is as follows:

	31 March 2022	31 December 2021
	LAKm	LAKm
Tier 1 capital	1.968.016	2.132.146
Tier 2 capital	-	-
Total capital	1.968.016	2.132.146
Less: Deductions from capital (Investments in other entities)	(649.924)	(643.318)
Capital for CAR calculation (A)	1.318.092	1.488.828
Risk weighted balance sheet items	18.853.527	18.738.102
Risk weighted off balance sheet items	1.736.875	1.467.354
Total risk weighted assets (B)	20.590.403	20.205.456
Capital Adequacy Ratio (A/B)	6,40%	7,37%

**Condensed notes to the interim financial information (Unaudited)
For the three-month period of quarter I ended 31 March 2022**

24. 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 associated and joint ventures is provided in Note 13.

- b) Significant transactions as at 31 March 2022 with related parties were as follows:

	31 March 2022	31 March 2021
	LAKm	LAKm
Interest income and other		
Parent company	82.447	58.105
Interest expense and other		
Related party	(30.989)	(25.257)

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:

	31 March 2022	31 March 2021
	LAKm	LAKm
Salaries	451	295
Responsibility allowance	268	201
	719	496

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

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

	31 March	31 December
	2022	2021
	LAKm	LAKm
Receivables		
Parent company	5.430.109	5.507.249
Associate and Joint venture	1.228.417	837.737
Related party	19.066.437	16.139.348
Payables		
Associate and Joint venture	1.394.396	362.549,85
Related party	2.728.874	2.251.071