ບົດລາຍງານການເຄື່ອນໄຫວທຸລະກິດ ປະຈຳ 06 ເດືອນຕົ້ນປີ 2021

Report on BCEL's Business Performance for the six-month 2021



BCEL Bank

1555

OneCare

www.bcel.com.la

I. General Overview of BCEL

1. Vision

BCEL's vision has been reimagined to support the long-term strategic plan 2021 – 2025 for better work operation and achieve the goals and objectives in the concept of "To become a strong and modern bank moving toward international standard".

2. Mission

To support the vision of becoming a strong and modern bank moving toward the international standard, the key missions of BCEL are to develop strong corporate governance by emphasizing adjusting 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 be ensured for the accuracy, transparency, quick and complaint with the international standards. Moreover, BCEL shall focus on human resource development to support the new vision of the development, which will be enhanced though the staff's expertise, a better customer experience, and this could sustain the highest benefit of the shareholders.

❖ Plans and projects in 2021

In order to develop and achieve sustainable strength to become the leading bank in terms of the modern and international banking practice in the Lao PDR. BCEL has determined its directions and strategies for the development, phases, and business plans which will be 3 main strategies, 11 Plans, 42 Projects, and 268 Work Plans as the following details:

- Strategy 1: Organizational strengthening (5 Plans, 25 Projects, and 149 Work Plans)
- Finance management and the sustainable business operation enhancement; 5 projects and 62 tasks.
- Credit management; 7 projects and 33 Work Plans.
- Empowerment and effectiveness enhancement for personnel; 5 Projects and 26 Work Plans.
- Create and strengthen the risk management system and the foundation of Anti-Money Laundering; 6 Projects and 26 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 107 Work Plans)
- Development and management of the IT system; 5 projects and 25 Work Plans.
- Management information system and the development and modernization of the statistic system to meet the international standard; 5 Projects and 29 Work Plans.
- The transformation to the digital banking; 2 Projects and 53 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

Lao PDR's economic growth in 2021 is expected to be 3.7% (NIER, 2021), which is lower than the preliminary expectation of 4%. There are various of factors that drive economic growth, for instance the economic recovery in the quarter 1 of 2021, especially the domestic tourism, exportation, and the investment in mega projects, which are run as abnormal. However, Lao economy in 2021 still has many risky factors. The Lao PDR is at risk of having the new cluster in phase 2 of spreading of the COVID-19 outbreak. While it seems to be decreased and controllable, the number of the infected people was mostly imported from Thailand (Mainly workers), which is dramatically increased, especially the closed bordered provinces such as: Savannakhet, Champasak, Khammuan, and Bokeo. The forementioned risky factors have the potential that could affect the economy of the Lao PDR in wide range as well as the being[1] of Lao people. If the situation could not be mitigated and the outbreak would be prolonged, this could affect the growth that would result in a lower rate than expected.

At the same time, according to the July 2021 report of ADB, the Lao economic growth was decreased (This might not grow by 4.0% as expected in April) due to the new wave of the COVID-19 pandemic and also the growth of the ASEAN countries tends to decrease. Meanwhile, the World Bank and IMF estimate Laos' growth approximately in 4.0% and 4.6% respectively.

1.1. The impact of the COVID-19 on the business sector

According to the survey of the second wave of the COVID-19 outbreak, it has impacted on the business sector all around Vientiane Capital (1.541 businesses), the survey found that 245 businesses or approximately 15,9% were impacted severely (Mostly tourism, hotel, guest house, entertainment, and transportation industries), and about 35,2% was affected at the medium-level (industrial business), and the other 48,9% was affected at the low-level (Agriculture, cultivation, livestock). We were able to sort the impact level by sector as including Agricultural Sector: 5% of businesses is temporary stopped, 8% laid-off the employees, 21% generated lower income by 21%; Industrial Sector: approximately 44,5% temporary stopped the business, 34% laid-off the employees, and 41,3% generated lower income; Service Sector: up to 71% temporary stopped the business, 47% laid-off the employees, and 64% generated lower income.

1.2. Inflation

In the first 5 months of 2021, the inflation rate was at 2,66% (In May 2021. The ratio was at 3,55%). This is seen to be lower when comparing to the past period (The average ratio for 5 months 2020 was 6,12%). The grown in inflation was due to devaluation of LAK against USD and THB. The supply of the products within the country is insufficient, the logistic cost

[1] According to the report of the National Taskforce Committee for Covid-19 Prevention and Control (16 August 2021), Lao PDR has 10.441 cumulative number of confirmed cases which include 9 deaths and 20% of the population was fully vaccinated.

increased due to the increased trend in oil price and the transportation that has been impacted by the spreading of COVID-19 (LSC, 2021).

1.3. Exchange rates

- Exchange rate: LAK/USD
  In June 2021, the exchange rate at the bank was 9.452 LAK/USD, increased by 5% when comparing to the the previous year, while the exchange rate at the black market was at 10.426 LAK/USD, increased by 7,4%. This had impacted on the gap between the bank and the black-market rates (which grew by 10,3% in June 2021). This was resulted from the low flow of the foreign currency to the country and the trade deficit in foreign currency from touristism industry, trade and investment. Those led to the shortage on of foreign currency at the bank and ability to meet the demand from the society.
- Exchange rate: LAK/THB
  In June 2021, the exchange rate at the bank was 331,67 LAK/THB, increased by 6,5% when comparing to the the previous year, while the exchange rate at the black market was at 332,87 LAK/THB which increased 6,4%. However, it can be seen that gap was not too high. The exchange rate of LAK/THB has seen to be fluctuated because the imported products from Thailand accounted for around 50% of the total importation (National Statistics Center, 2020) and the value of importation from Thailand in June 2021 was 1.480 Mil USD, while the exportation value was 1.331 Mil USD (Lao Trade Portal, 2021).

2.5 Situation of importation, exportation and investment

Value of importation and exportation of the Lao PDR as of June 2021 was 6.784 Mil USD. This includes the exportation value of 3.760 Mil USD and the importation value of 3.025 Mil USD (The trade surplus was 735 Mil USD). The main exported products were electricity, gold, casava, gold mineral, paper, banana and clothes. The imported products were petroleum, vehicles and spare parts, machines, construction equipment and electronics. However, if excluded the imported value and electricity exportation, Laos still faced the trade deficit of 85 Mil USD (Lao Trade Portal, 2021).

Investment Situation: I could be seen that the mega investment at the national level has been continued and expected to be completed by 2022, especially the construction of Laos-China railway, the development project at Thabonk-Thanaleng and logistic site which had the amount of 727 Mil USD. Moreover, there was also the construction related to the hydro-power such as the construction of the electricity generation site for 12 places, the transmission line of 11 places and the construction of dam with the power of 55 MW for 5 places (National Assembly, 2021).

2. Highlights of the business performance

For the first 6 months of 2021, BCEL held 2 Business Performance Review Meetings (1time online meeting), 1 Ordinary Board of Directors Meeting, and 1 Annual General Shareholders Meeting for the year 2020 alongside with the dividend payment for the year 2020 to the shareholders in the amount of 560 LAK/share. The bank issued the Notice to approve the Business Plan for 2021 and the long-term strategic Plan for2021-2025 after holding the Shareholders' Meeting; The appointment of the Directors and the hand-over of the position

between the former General Managing Director and the new General Managing Director; The holding of the Audit Meeting for the year 2021 and the Plan for 2021; the Notice on the categorization of Branch Level and Service Unit for 2021. The bank also cooperated with M-Point Mart Company, LTD on the payment via QR code scanning; The connection with the system of U-Money and M-Money, the Launching of the new UnionPay chip Card and the GO-Live of the new Core-Banking System of BCEL overall the network in April 2021. The bank also approved the regulation and Data Dictionary for the Data Governance Project of BCEL.

3. Important Financial Report of BCEL

For the first 6 months of 2021, BCEL still faced the challenging in business operation during the spreading of the COVID-19 pandemic. However, the bank has been working the best to make a progress to achieve the performance as follows:

- Assets/Liabilities: 59.564.660 million LAK, achieved 104,70% compared to year plan 2021 or 19,93%compared to last year.
- Total Loans: 29.438.167 million LAK, achieved 98,98% compared to year plan 2021 or 4,34% increase from last year.
- Deposits: 53.439.063 million LAK, achieved 106,24% compared to year plan 2021 or 21,95% increase from last year;
- Total Capital: 2.131.374 Bil LAK, which was 79,85% of the year plan or 5,85% of the same period of the last year;
- Profit before tax: 79.577 million LAK, achieved 25,34% compared to year plan 2021.
- Profit after tax: 37.300 million LAK, achieved 14,85% 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 30 June 2021, the Bank has 1 Head Office, 6 joint ventures, 20 branches, 99 service units, and 15 exchange units all over the Lao PDR.

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

- History of BCEL

Banque pour le Commerce Exterieur Lao Public is operating business in 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 1989. On 23 December 2010 BCEL accomplished IPO and renamed to Banque Pour Le Commerce Exterieur 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 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 30 June 2021 is 1.038.617 million LAK (31 December 2020: 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 Board of Directors

1.1. The Board of Directors of BCEL consists of 7 members as:

- Dr. Bounleua Sinxayvoravong — Chairman
- Mr. Khamsouk Sundara — Vice Chairman
- Mr. Phoukhong Chanthachack — Member
- Mr. Stephane Mangiavacca — Member
- Mr. Phoutthakhan Khanty — Member
- Assoc.Prof. Dr. Phouphet Kyophilavong — Member
- Mr. Viengsouk Chounthavong — Member

1.2. Biography 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.

- **Assoc.Prof. Dr. Phouphet Kyophilavong: Independent Director**



- Date of Birth: 05 Feb 1974

- Nationality: Lao
- Languages: Lao, English, Japanese
- Designation: Vice-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. Phoutthakhan 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 June1964
- Nationality: Lao
- Languages: Lao, English, and Hungarian
- Designation: BCEL General Managing Director
- Education: Certificate of Political Theory from the national Academy of politics and Public Administration. Master's Degree in Economics from Karl Marx University of Economic and Sciences, Hungary.

- **Mr. 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 Superieure 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: 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. Board of Management Structure

2.1. BCEL managed by 7 members of the Board of Management

- Mr. Khamphout Sitthilath — General Managing Director
- Mr. Nalin Silavongsith — Deputy Managing Director
- Mr. Kongsack Soukphonesy — Deputy Managing Director
- Mr. Nanthalath Keopaseuth — Deputy Managing Director
- Mr. Viengsouk Chounthavong — Deputy Managing Director
- Mrs. Bouaphayvanh Nandavong, — Deputy Managing Director
- Mr. Saichit Simmavong — Deputy Managing Director

2.2. Organizational Chart of the Management of BCEL



3. Operation of the BOD and the Committees supervised by the BOD

3.1. The BOD's meetings

In the first 6 months of 2021, BCEL's Board of Directors held 9 meetings (02 Ordinary Meetings and 07 Extraordinary Meetings). The summary of the highlighted detail is as follows:

- Considered and advised on the compensation for the land of BCEL located on Vientiane No 1 Express Way;
- Approved the Business Plan for 2021 of BCEL and to propose to the Shareholders' Meeting for the approval;
- Approved the amendment of the Articles of Association of BCEL and to propose to the Shareholders' Meeting for approval;
- Approved on the allocation of the Profit After Tax for 2020 for the payment of the dividend and the reserves of the Bank according to the regulation then shall propose to the Shareholders' Meeting for consideration;
- Considered and approved the plan to hold the Annual General Shareholders' Meeting for 2020 on 30 April 2020 at 14:00 at Meung Tang Hotel, Vientiane Capital;
- Considered and approved on the loan proposal of some large-size customers;
- Supervised on the work of credit management of the large-size customers of BCEL, the customers in the hydro-power business and the customers that are impacted by the spreading of the COVID-19 and the long-term resolving plan;
- Considered and approved the selection of the External Auditor Company for 2021 and to propose to the Shareholders' Meeting for the approval;
- Approved the amendment of the Credit Product Regulation, the improvement of the conditions on loan approval and the loan disbursement for the large size customers, the

amendment of the Regulation on BCEL Staff Penalization and the adjustment of the structure of the Committees to the BOD;

- Approved the moving and appointing of the managerial positions of the bank.

3.2. Risk Management Committee

The committee has focused on the providing the advice on the research and the setting of the regulation and the policy on the risk management. The committee has improved the policy and the regulation as follows:

- The grading of the risk levels and conducted an audit for the first 6 months of 2021. There were 28 findings (5 findings were at the unacceptable level and 23 findings were at the acceptable level).
- The committee has researched and proposed on the suspend of the long-term loan that the projects related to the hydro-power dams. If any projects shall consider on the approval, there shall be the setting of the clear conditions or approving of the short-term revolving fund loan;
- Reviewed the policy on Risk Management and the operation and the policy on the new product issuance;
- Collected the information for the Basel 2 project including the development of the important indicators and tools for inhouse risk management evaluation;
- Completed the research on the improvement of the role of the BOD and the Risk Management Committee of the BOD.

3.3. Remuneration Committee

The Remuneration Committee has researched and considered to approve the regulations and policies benefiting BCEL and shareholders. The Remuneration Committee worked on a variety of regulations and policies in order to propose to the BOD such as the regulation on staff penalization and the joining in Social Security Organization by BCEL's staff.

3.4. Corporate Governance Committee

During the first 6 months of 2021, the Corporate Governance Committee held 2 meetings to approved the business performance result of BCEL and other issues to propose to the BOD. The detail of the approval 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;
- Approved the long-term strategic plan from 2021-2025 and to propose to the BOD Meeting and Shareholders' Meeting for the approval;
- Approved the agenda of BCEL's Annual General Shareholders' Meeting for 2020 to propose to the BOD for approval;
- Followed up one the selling of 9% BCEL's shares held by the government. The bank has now cancelled the selling and to request for the consideration form the government in finding the new strategic partner.
- Followed up on the administration work and the human resource work of BCEL.

3.5. Nomination Committee

The Committee has considered the personnel at managerial position to propose to the new position and to rotated the position of BCEL to be more appropriate with the current situation at Divisions, Head Office and Branches overall network of BCEL. The detail is as follows:

- Approved the new BOD members for the term of 2021-2023
- Considered the moving of the Former General Managing Director of BCEL to the new position at BOL and to approved the new General Managing Director of BCEL to be the member of the BOD.
- Considered to approve the appointment of the new positions of the staff and the allocation of the staff at the managerial level at the Head Office and Branches of BCEL.

3.6. 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 credit work of the branches in applying the appropriate resolving policy;
- 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;
- Successfully provided information for the external auditor to conduct the Financial Report of BCEL for the year 2020 according to the LAS and IFRS according to the contract;
- Completed the issuance of the Financial Report of BCEL according to LAS and IFRS for the year 2020.
- Improved the implementation of international accounting standard No 16 (IFRS 16 Leases) and international accounting standard No 19 on the benefit for staff (IAS 19 Employee benefit).

V. Corporate Social Responsibility

➢ Corporate Social Responsibility and Social Support.

Along with the business operation and the other work implementation, in 2020 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 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. There were 06 projects such as a fundraising project to support the emergency support team of Red Cross Organization, the campaign fighting against the COVID-19 pandemic, the fund raising for the building of a hospital in Laungprabang and COVID-19 fighting, fund mobilization for buying the educational equipment for children at Puen Lao Kid Hospital, the fund mobilation for Mr. Jhon at Nakai District, Khammuan Province to build the new house

after fire incident and the fund raising to support the villagers in Sayabouly from flooding.

- BCEL has also supported the society in various forms such as education and sport supplies, health campaigns, assistance for the victim of natural disasters, supports for national important days and others in cash or equipment in the amount of 650 million LAK.

Deputy Managing Director
Banque pour le Commerce Exterieur Lao Public

Mr. Nalinh Silavongsit

BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC

pwc

INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021



www.pwc.com/la

Banque Pour Le Commerce Exterieur Lao Public

Interim financial information (Unaudited)
For the six-month period ended 30 June 2021

CONTENTS **PAGES**

Auditor's report on the review of the interim financial information	1
Statement of income	2
Statement of comprehensive income	3
Statement of financial position	4
Statement of changes in equity	5
Statement of cash flows	6 - 7
Condensed notes to the interim financial information	8 - 21

pwc

AUDITOR'S REPORT ON THE REVIEW OF THE INTERIM FINANCIAL INFORMATION

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF BANQUE POUR COMMERCE EXTERIEUR LAO PUBLIC.

We have reviewed the interim financial information of Banque Pour Le Commerce Exterieur Lao Public (The Bank). These comprise statement of financial position as at 30 June 2021, the related statement of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and notes to the condensed the interim financial information. The management is responsible for the preparation of these interim financial information in accordance with accounting policies as described in Note 3 and 4 to this interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

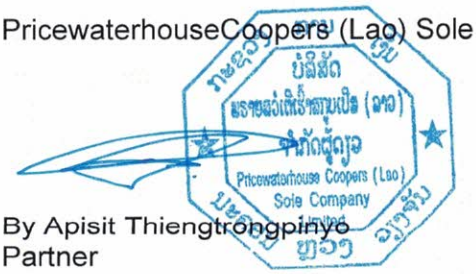
Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410. 'Review of interim financial information performed by the independent auditor of the entity'. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information of the Bank for the six-month period ended 30 June 2021 is not prepared, in all material respects, in accordance with the significant accounting policies described in Note 3 and 4 to this interim financial information.

PricewaterhouseCoopers (Lao) Sole Company Limited.



By Apisit Thiengtrongpinyo
Partner

Vientiane Capital, Lao PDR
Date: 30 August 2021

Banque pour le commerce exterieur lao public

Statement of income
For the six-month period ended 30 June 2021

	Notes	30 June 2021 LAKm	30 June 2020 LAKm
Interest incomes		1.296.539	1.202.862
Interest expenses		(724.550)	(635.405)
Net interest incomes	5	**571.989**	**567.457**
Fee and commission incomes		138.903	124.758
Fee and commission expenses		(16.455)	(13.733)
Net fee and commission incomes	6	**122.448**	**111.025**
Net gain/(loss) from dealing in foreign currencies		17.274	16.909
Net loss from dealing derivatives		(91)	-
Other operating income		58.426	10.481
Total operating income		**770.046**	**705.872**
Credit loss expense of loans to customers		(394.336)	(351.835)
impairment losses of financial asset		(4.602)	(36.049)
NET OPERATING INCOME		**371.108**	**317.988**
Personnel expenses		(170.926)	(138.939)
Depreciation and amortisation		(40.541)	(36.263)
Depreciation of right-of-use assets		(4.188)	(3.187)
Other operating expenses	7	(88.751)	(77.359)
Total operating expenses		**(304.406)**	**(255.748)**
Share of profit and loss of associates and joint ventures		12.875	12.306
PROFIT BEFORE TAX		**79.577**	**74.546**
Income tax expense	19	(42.277)	(29.805)
NET PROFIT FOR THE PERIOD		**37.300**	**44.741**
Earnings per share (LAK)	8	180	215

Prepared by:

Approved by:

Approved by:

BANK OF THE LAO PDR
BANQUE POUR LE COMMERCE EXTERIEUR
LAO PUBLIC
VIEN TIANE CAPITAL

Mrs. Phousengthong Anoulakkham
Chief of Accounting Department

Mr. Khammone Vansana
Deputy Chief of Internal Audit Department

Mr. Nalinh Silavongsit
Deputy Managing Director

Vientiane, Lao PDR
Date: 30 August 2021

The accompanying notes on pages 8 to 21 form an integral part of these interim financial information

Banque Pour Le Commerce Exterieur Lao Public

Statement of comprehensive income
For the six-month period ended 30 June 2021

	30 June 2021 LAKm	30 June 2020 LAKm
NET PROFIT FOR THE PERIOD	**37.300**	**44.741**
OTHER COMPREHENSIVE INCOME		
Remeasurement loss on defined benefit plan	(2.630)	(1.464)
OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD, NET OF TAX	**(2.630)**	**(1.464)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**34.670**	**43.277**

Prepared by:

Mrs. Phousengthong Anoulakkham
Chief of Accounting Department

Approved by:

Mr. Khammone Vansana
Deputy Chief of Internal Audit Department

Approved by:

BANK OF THE LAO PDR
BANQUE POUR LE COMMERCE EXTERIEUR
LAO PUBLIC
VIENTIANE CAPITAL

Mr. Nalinh Silavongsit
Deputy Managing Director

Vientiane, Lao PDR
Date: 30 August 2021

The accompanying notes on pages 8 to 21 form an integral part of these interim financial information

Banque Pour Le Commerce Exterieur Lao Public

Statement of financial position
As at 30 June 2021

	Notes	30 June 2021 LAKm	31 December 2020 LAKm
ASSETS			
Cash and balances with Bank of the Lao PDR		16.264.953	12.836.829
Due from banks	9	5.394.569	4.355.395
Loans to customers	10	31.512.691	30.762.417
Financial investments - Available-for-sale	11	85.521	90.122
Financial investments - Held-to-maturity	12	4.281.194	3.899.011
Investments in associates and joint ventures	13	627.304	614.434
Property and equipment	14	613.207	601.572
Intangible assets	15	248.142	245.873
Right-of-use assets		57.366	57.005
Deferred tax assets		37.015	37.015
Other assets		442.698	470.734
TOTAL ASSETS		**59.564.660**	**53.970.407**
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks and other financial institutions	16	4.236.236	3.482.800
Due to customers	17	49.819.784	45.043.495
Borrowings from other banks	18	3.061.443	2.962.101
Current tax liabilities	19	49.286	23.726
Lease liabilities		25.724	23.059
Other liabilities		240.813	222.197
TOTAL LIABILITIES		**57.433.286**	**51.757.378**
EQUITY			
Share capital	20	1.038.617	1.038.617
Statutory reserves	21	831.665	753.399
Remeasurement of post-employment benefit reserve		(15.246)	(12.616)
Retained earnings		276.338	433.629
TOTAL EQUITY		**2.131.374**	**2.213.029**
TOTAL LIABILITIES AND EQUITY		**59.564.660**	**53.970.407**

Prepared by:

Approved by:

Approved by:

BANK OF THE LAO PDR
BANQUE POUR LE COMMERCE EXTERIEUR
LAO PUBLIC
VIEN TIANE CAPITAL

Mrs. Phousengthong Anoulakkham
Chief of Accounting Department

Mr. Khammone Vansana
Deputy Chief of Internal Audit Department

Mr. Nalinh Silavongsit
Deputy Managing Director

Vientiane, Lao PDR
Date: 30 August 2021

The accompanying notes on pages 8 to 21 form an integral part of these interim financial information

Banque Pour Le Commerce Exterieur Lao Public

Statement of changes in equity
For the six-month period ended 30 June 2021

	Share capital LAKm	Statutory reserves LAKm	Remeasurement of post-employment benefit reserve LAKm	Retained earnings LAKm	Total LAKm
Balances as at 31 December 2020	**1.038.617**	**753.399**	**(12.616)**	**433.629**	**2.213.029**
Dividend paid (Note 22)	-	-	-	(116.325)	(116.325)
Net profit for the period	-	-	-	37.300	37.300
Appropriation to reserve for the year 2020 (Note 21)	-	78.266	-	(78.266)	-
Remeasurement of post-employment benefit reserve	-	-	(2.630)	-	(2.630)
Balances as at 30 June 2021	**1.038.617**	**831.665**	**(15.246)**	**276.338**	**2.131.374**
Balances as at 31 December 2019	**1.038.617**	**604.423**	**(12.082)**	**508.271**	**2.139.229**
Dividend paid	-	-	-	(168.879)	(168.879)
Net profit for the period	-	-	-	44.741	44.741
Appropriation to reserve for the year 2019	-	148.976	-	(148.976)	-
Remeasurement of post-employment benefit reserve	-		(1.464)	-	(1.464)
Balances as at 30 June 2020	**1.038.617**	**753.399**	**(13.546)**	**235.157**	**2.013.627**

Prepared by:

Mrs. Phousengthong Anoulakkham
Chief of Accounting Department

Approved by:

Mr. Khammone Vansana
Deputy Chief of Internal Audit Department

Approved by:

BANK OF THE LAO PDR
BANQUE POUR LE COMMERCE EXTERIEUR
LAO PUBLIC
VIENTIANE CAPITAL

Mr. Nalinh Silavongsit
Deputy Managing Director

Vientiane, Lao PDR
Date: 30 August 2021

The accompanying notes on pages 8 to 21 form an integral part of these interim financial information

Banque Pour Le Commerce Exterieur Lao Public

Statement of cash flows
For the six-month period ended 30 June 2021

	Notes	30 June 2021 LAKm	30 June 2020 LAKm
OPERATING ACTIVITIES			
Profit before tax		**79.577**	**74.546**
Adjustments for:			
Depreciation and amortization charges	14,15	40.541	36.263
Depreciation of right-of-use assets		4.188	3.187
Expense for impairment losses	10	394.336	351.835
Impairment loss on financial investments –- Available-for sale		4.602	36.049
Share of profit and loss of associates and joint ventures	13	(12.875)	(12.306)
Defined post-employment benefit expense		2.399	3.126
Loss on disposal/written-off		4.683	-
Unrealise loss on exchange rate		47.727	109.610
Interest incomes		(1.296.539)	(1.202.862)
Interest expenses		724.550	635.405
Dividend income		(3.835)	(3.835)
Cash flows from operating profit before changing in operating assets and liabilities		**(10.646)**	**31.018**
Changes in operating assets			
Net change in balances with other banks		890.920	(531.694)
Net change in loans to customers		(927.561)	(1.265.012)
Net change in Financial investment - Held-to-maturity		56.650	74.172
Net change in other assets		28.999	(33.483)
Changes in operating liabilities			
Net change in due to other banks		744.367	(54.159)
Net change in due to customers		4.728.738	3.522.750
Net change in Borrowing from other banks		(12.479)	(771.697)
Net change in other liabilities		6.815	326.678
Interest received		588.997	543.951
Interest paid		(614.323)	(612.203)
Tax paid during the period	19	(16.717)	(20.676)
Net cash flows generated from operating activities		**5.463.760**	**1.209.645**
INVESTING ACTIVITIES			
Purchase and construction of fixed assets		(47.787)	(20.580)
Purchase of intangible asset		(3.471)	514
Proceeds from disposals of fixed assets		318	-
Purchase of right-of-use assets		(1.061)	(3.481)
Dividends received from associates and joint venture investment	13	1.365	1.596
Dividends received from financial investments – Available for sale		3.835	3.835
Payment for associates and joint venture investment	13	(1.360)	(1.360)
Proceed from investment in investment in financial investments – hold to maturity	12	67.789	-
Net cash flows used in investing activities		**19.628**	**(19.476)**
FINANCING ACTIVITIES			
Payment of dividend	22	(116.325)	(168.879)
Payment on lease liabilities		(2.713)	-
Net cash flows used in financing activities		**(119.038)**	**(168.879)**

The accompanying notes on pages 8 to 21 form an integral part of these interim financial information

Banque Pour Le Commerce Exterieur Lao Public

Statement of cash flows
For the six-month period ended 30 June 2021

	Notes	30 June 2021 LAKm	30 June 2020 LAKm
Net increase in cash and cash equivalents		**5.364.350**	**1.021.290**
Cash and cash equivalents at the beginning of the period		**14.396.829**	**11.722.384**
Cash and cash equivalents at the end of the period	23	**19.761.179**	**12.743.674**
Non-cash from investing activities and financing activities;			
Acquisition of construction in progress and tangible assets		8.188	
Acquisition of right-of-use assets		3.489	
Settlement loan to customers and investment in hold-to-maturity securities		925.502	

Prepared by:

Mrs. Phousengthong Anoulakkham
Chief of Accounting Department

Approved by:

Mr. Khammone Vansana
Deputy Chief of Internal Audit Department

Approved by:

BANK OF THE LAO PDR
BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC
VIEN TIANE CAPITAL

Mr. Nalinh Silavongsit
Deputy Managing Director

Vientiane, Lao PDR
Date: 30 August 2021

1. REPORTING ENTITY

Banque Pour Le Commerce Exterieur 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 June 2021. the Bank has one (01) Head Office, six (6) associates and joint ventures, twenty (20) main branches, ninety-nine (99) services units, and fifteen (15) 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 30 June 2021 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 authorised for issue by Board of Director on 30 August 2021.

2. SIGNIFICANT EVENTS DURING THE CURRENT PERIOD

According to the Prime Minister ordered No. 15 dated 21 April 2021 to Lockdown Vientiane Capital and other provinces. The new order which have effective from 22 April 2021 to 5 May 2021. However, the Lockdown period was extended until 02 September 2021.

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.

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 2020. 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 31 December 2020.

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 2020.

5. NET INTEREST INCOMES

	Unaudited 30 June 2021 LAKm	Unaudited 30 June 2020 LAKm
Interest incomes:		
Lending to customers	1.171.575	1.094.132
Deposits at other banks	26.572	27.374
Investment - Hold-to-maturity	98.353	81.330
Other interest income and similar income	39	26
	1.296.539	**1.202.862**
Interest expenses:		
Due to other banks	(100.005)	(106.584)
Customer deposits	(624.545)	(528.821)
	(724.550)	**(635.405)**
Net interest incomes	**571.989**	**567.457**

6. NET FEES AND COMMISSION INCOMES

	Unaudited 30 June 2021 LAKm	Unaudited 30 June 2020 LAKm
Fees and commission incomes from:		
Settlement services	113.990	96.414
Credit activities	2.932	13.904
Other activities	21.981	14.440
	138.903	**124.758**
Fees and commission expenses for:		
Settlement services	(14.380)	(12.033)
Other activities	(2.075)	(1.700)
	(16.455)	**(13.733)**
Net fees and commission incomes	**122.448**	**111.025**

7. OTHER OPERATING EXPENSES

	Unaudited 30 June 2021 LAKm	Unaudited 30 June 2020 LAKm
Deposit Insurance paid to Depositor Protection Fund	22.668	22.897
Repair and maintenance	12.511	9.324
Stationary and office materials	9.885	8.313
Loss on property and equipment written off	4.683	21
Insurance expense	4.607	4.487
Telecommunication	4.373	4.291
Utilities	4.343	4.361
Others	25.681	23.665
	88.751	**77.359**

8. EARNINGS PER SHARE

The calculations of basic earnings per share as at 30 June 2021 and 2020 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:

	Unaudited 30 June 2021	Unaudited 30 June 2020
Profit attributable to ordinary shareholders of the Bank (LAKm)	37.300	44.741
Weighted average number of ordinary shares for basic earnings per share (shares)	207.723.300	207.723.300
Earnings per share (LAK)	180	215

Net operating profit for the period ended 30 June 2021 is LAK 24.425 million which earnings per share is 118 LAK per share and operating profit for the period ended 30 June 2020 was LAK 32.435 million which earnings per share was 156 LAK per share.

9. DUE FROM BANKS

	Unaudited 30 June 2021 LAKm	Audited 31 December 2020 LAKm
Current and saving accounts	**3.781.459**	**3.595.399**
- In LAK	80	26.045
- In foreign currencies	3.781.379	3.569.354
Term deposits	**1.609.312**	**759.326**
- In LAK	347.890	82.890
- In foreign currencies	1.261.422	676.436
Accrued interest receivable	**3.798**	**670**
	5.394.569	**4.355.395**

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

	30 June 2021 % per annum	31 December 2020 % per annum
Demand deposits	0,00 - 3,10	0,00 - 3,10
Saving deposits	0,00 - 0,80	0,00 - 0,80
Term deposits	0,02 - 5,70	0,14 - 3,50

10. LOANS TO CUSTOMERS

	Unaudited 30 June 2021 LAKm	Audited 31 December 2020 LAKm
Gross loans	29.438.167	29.152.520
Less: Allowance for impairment losses	(1.321.734)	(1.073.649)
Accrued interest receivable	3.396.258	2.683.546
	31.512.691	**30.762.417**

Changes in the allowance for impairment losses of loans to customers during the six-month ended 30 June 2021 as follows:

	LAKm
Balance as at 1 January 2021 - audited	**1.073.649**
Net change during the period	394.336
Non-performing loans written-off	(157.210)
Foreign exchange differences	10.959
Balance as at 30 June 2021 - unaudited	**1.321.734**

Break down of allowance for impairment losses of loans to customers as at 30 June 2021 are as follows:

	30 June 2021		31 December 2020	
	Outstanding balance LAKm	Impairment LAKm	Outstanding balance LAKm	Impairment LAKm
Individually impaired	4.633.009	1.124.671	3.791.761	891.521
Collectively impaired	24.805.158	197.063	25.360.759	182.128
	29.438.167	**1.321.734**	**29.152.520**	**1.073.649**

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

	30 June 2021 % per annum	31 December 2020 % per annum
Loans denominated in LAK	5,50 - 16,00	5,50 - 16,00
Loans denominated in USD	4,25 - 16,00	4,25 - 16,00
Loans denominated in THB	6,00 - 10,00	6,00 - 10,00

10. LOANS TO CUSTOMERS (CONTINUED)

Analysis of loan portfolio by currency:

	Unaudited 30 June 2021 LAKm	Audited 31 December 2020 LAKm
Loans denominated in LAK	12.738.923	12.717.791
Loans denominated in USD	13.143.686	12.841.292
Loans denominated in THB	3.555.558	3.593.437
	29.438.167	**29.152.520**

Analysis of loan portfolio by original maturity:

	Unaudited 30 June 2021 LAKm	Audited 31 December 2020 LAKm
Short-term loans	2.807.067	2.541.425
Medium-term loans	16.598.794	16.009.856
Long-term loans	10.032.306	10.601.239
	29.438.167	**29.152.520**

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 30 June 2021 is LAK 85.521 million.

12. FINANCIAL INVESTMENTS - HELD-TO-MATURITY

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

	LAKm
Balance as at 1 January 2021 - audited	**3.899.011**
Additions	506.622
Amortise during the period	(56.650)
Collection	(67.789)
Balance as at 30 June 2021 - unaudited	**4.281.194**

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 2021 - audited	**614.434**
Share of profit and loss of associates and joint ventures	12.875
Invest in associates and joint venture *	1.360
Less: Dividends received during the period	(1.365)
Balance as at 30 June 2021 - unaudited	**627.304**

* The bank has additional investment in Lao nation payment network company totally LAK 1.360 million.

Investment in associated and joint ventures as at 30 June 2021 were as follows:

	Ownership interest		Cost		Equity	
	30 June 2021	31 December 2020	Unaudited 30 June 2021	Audited 31 December 2020	Unaudited 30 June 2021	Audited 31 December 2020
	(%)		LAKm			
BCEL - Krung Thai Securities Company Limited	70	70	70.000	70.000	73.904	73.586
Lao Viet Joint Venture Bank	25	25	197.839	197.839	253.279	246.894
Banque Franco - Lao Limited	30	30	114.000	114.000	115.203	111.925
Lao China Bank Company Limited	49	49	147.000	147.000	167.573	166.964
Lao-Viet Insurance Joint Venture Company	35	35	9.168	9.168	13.051	12.093
Lao National Payment Network Company Limited	20	20	4.760	3.400	4.294	2.972
Total			**542.767**	**541.407**	**627.304**	**614.434**

14. PROPERTY AND EQUIPMENT

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

	LAKm
Balance as at 1 January 2021- audited	**601.572**
Additions*	55.975
Write off/Disposal, net	(5.001)
Depreciation charge	(39.339)
Balance as at 30 June 2021 - unaudited	**613.207**

* 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 2021 - audited	**245.873**
Additions	3.471
Depreciation charge	(1.202)
Balance as at 30 June 2021 - unaudited	**248.142**

16. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	Unaudited 30 June 2021 LAKm	Audited 31 December 2020 LAKm
Demand deposits	**3.460.722**	**2.626.472**
- In LAK	1.553.362	961.938
- In foreign currencies	1.907.360	1.664.534
Saving deposits	**122.904**	**113.582**
- In LAK	74.649	70.786
- In foreign currencies	48.255	42.796
Term deposits	**632.450**	**707.545**
- In LAK	269.370	323.910
- In foreign currencies	363.080	383.635
Others	**11.168**	**17.141**
- In LAK	10.864	17.133
- In foreign currencies	304	8
Accrued interest payable	**8.992**	**18.060**
	4.236.236	**3.482.800**

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:

	30 June 2021 % per annum	31 December 2020 % 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 30 June 2021 LAKm	Audited 31 December 2020 LAKm
Demand deposits	**6.803.291**	**6.630.559**
Demand deposits in LAK	3.468.897	3.102.811
Demand deposits in FC	3.334.394	3.527.748
Savings deposits	**24.189.053**	**21.324.874**
Demand saving deposits in LAK	12.156.464	10.326.176
Demand saving deposits in FC	12.032.589	10.998.698
Term deposits	**18.139.748**	**16.508.548**
Term deposits in LAK	9.052.184	8.522.980
Term deposits in FC	9.087.564	7.985.568
Margin deposits	**90.895**	**64.704**
Margin deposits in LAK	29.998	25.731
Margin deposits in FC	60.897	38.973
Other payables to customers	**156.869**	**122.433**
Accrued interest payable	**439.928**	**392.377**
	49.819.784	**45.043.495**

Saving deposits from customers denominated in LAK, USD and THB bear interest at rate ranging of 1,25% – 1,75%, 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% – 12,50%, 1,65% - 7,75% and 1,40% – 7,75% per annum respectively.

18. BORROWINGS FROM OTHER BANKS

Movements in long term borrowings as at 30 June 2021 were as follow:

	LAKm
Balance as at 1 January 2021 - audited	**2.850.433**
Additions	14.225
Repayments	(26.703)
Loss on exchange rate	58.212
Balance as at 30 June 2021 - unaudited	**2.896.167**

	Unaudited 30 June 2021 LAKm	Audited 31 December 2020 LAKm
Borrowings from the BOL	1.911.662	1.885.302
Borrowings from others bank	984.505	965.131
Total	**2.896.167**	**2.850.433**
Accrued interest payable	165.276	111.668
	3.061.443	**2.962.101**

19. CURRENT TAX LIABILITIES

	Unaudited 30 June 2021 LAKm	Audited 31 December 2020 LAKm
Profit tax payable (1)	49.286	23.726

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

	LAKm
Balance as at 1 January 2021 - audited	**23.726**
Profit tax during the period (2)	42.277
Payment during the period	(16.717)
Balance as at 30 June 2021 - unaudited	**49.286**

19. CURRENT TAX LIABILITIES (CONTINUED)

(2) Income tax expense for six-month period ended 30 June 2021 and 30 June 2020 are as follows:

	Unaudited 30 June 2021 LAKm	Unaudited 30 June 2020 LAKm
Current income tax	42.277	12.614
Deferred income tax	-	17.191
	42.277	**29.805**

20. SHARE CAPITAL

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

21. STATUTORY RESERVES

	Regulatory reserve fund LAKm	Business expansion fund and other reserve LAKm	Total LAKm
Balance as at 1 January 2021 - audited	**205.773**	**547.626**	**753.399**
Appropriation to reserve for the year 2020	22.362	55.904	78.266
Balance as at 30 June 2021 - unaudited	**228.135**	**603.530**	**831.665**

22 DIVIDENDS

At the shareholder's meeting on 30 April 2021, the annual general shareholders' meeting had a resolution to approve for payment of the dividend for 2020 of LAK 116 billion (LAK 560 per share).It was paid to shareholders on 18 May 2021.

23. 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 30 June 2021 LAKm	Unaudited 30 June 2020 LAKm
Cash and cash equivalents on hand	2.757.422	2.260.843
Demand deposits with the BOL	12.108.670	7.178.268
Current accounts with other banks	3.781.459	3.111.056
Term deposit due within 90 days	1.113.628	193.507
	19.761.179	**12.743.674**

24. COMMITMENTS

	30 June 2021 LAKm	31 December 2020 LAKm
Un-drawn commitments to lend for customers (ii)	2.887.984	3.301.678
Letter of credit and bank guarantees (i)	445.000	481.964
At sight letters of credit	199.351	175.324
Deferred payment letters of credit	101.792	68.737
Un-drawn commitments to lend for other banks (ii)	548	548
	3.634.675	**4.028.250**

(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.

25. 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:

	30 June 2021 LAKm	31 December 2020 LAKm
Tier 1 capital	2.131.374	2.213.029
Tier 2 capital	-	-
Total capital	**2.131.374**	**2.213.029**
Less: Deductions from capital (Investments in other entities)	(627.304)	(614.434)
Capital for CAR calculation (A)	**1.504.070**	**1.598.595**
Risk weighted balance sheet items	16.648.361	16.662.140
Risk weighted off balance sheet items	1.743.463	1.955.930
Total risk weighted assets (B)	**18.391.824**	**18.618.070**
Capital Adequacy Ratio (A/B)	**8,18%**	**8,59%**

26. 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 30 June 2021 with related parties were as follows:

	30 June 2021 LAKm	30 June 2020 LAKm
Interest income and other		
Parent company	126.666	87.501
Interest expense and other		
Related party	51.086	48.753

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 June 2021 LAKm	30 June 2020 LAKm
Salaries	708	690
Bonus	295	523
Responsibility allowance	453	468
	1.456	**1.681**

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:

	30 June 2021 LAKm	31 December 2020 LAKm
Receivables		
Parent company	4.337.448	3.971.052
Associate and Joint venture	687.246	793.662
Related party	13.500.619	10.455.970
Payables		
Associate and Joint venture	1.020.299	991.987
Related party	2.067.079	1.885.307