ບົດລາຍງານການເຄື່ອນໄຫວທຸລະກິດ
ສຳລັບໄລຍະຫົກເດືອນຕົ້ນປີ ທີ່ສິ້ນສຸດວັນທີ 30 ມິຖຸນາ 2022

Report on BCEL's Business Performance For The Six-Month Period ENDED 30 June 2022



BCEL Bank

1555

OneCare

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I. General Overview of BCEL

1. Vision

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

2. Mission

To support the vision of becoming a strong and modern bank achieving the international standard, the key missions of BCEL are to develop strong corporate governance by emphasizing the business operation to be suitable for the changes of the new era; strengthening the financial stability and being compliant with Basel 2 principles; improving the capacity of the bank's IT system and technology which will be applied in banking services. The Management of Information Systems is also one of the key points of development, which should meet accuracy, transparency, swiftness, and compliance with international standards. Moreover, BCEL shall focus on human resource development to support the new vision of the development, which will be enhanced through the staff' expertise, and a better customer experience, and this could sustain the highest benefit of the shareholders.

❖ **Plans and Projects for the year 2022**

In order to develop and achieve sustainable strength to become the leading bank in terms of the modern and international banking practices in the Lao PDR, BCEL has determined its development strategies covering the directions, goals, and detailed implementation plans, which comprise 3 main strategies including 11 Plans, 42 Projects. The plans and projects shall implement in 2022 including 11 Plans, 38 Projects, and 305 Work Plans. The detail is as follows:

- **Strategy 1: Organizational strengthening (5 Plans, 20 Projects, and 188 Work Plans)**
  - Financial Management and the Sustainable Business Operation Enhancement: 5 projects and 89 Work Plans.
  - Credit Management: 5 projects and 32 Work Plans.
  - Empowerment and Effectiveness Enhancement of Human Resources: 4 Projects and 30 Work Plans.
  - Create and Strengthen the Risk Management System and the Foundation of Anti-Money Laundering: 5 Projects and 37 Work Plans.
  - International-level Corporate Governance: 1 Project.
- **Strategy 2: Modernization, advanced technology, and innovation enhance the business operation. A step into the digital era of the economy (3 Plans, 13 Projects, and 95 Work Plans)**
  - Development and Management of the IT System: 6 projects and 41 Work Plans.
  - Management Information System and the Development and Modernization of the Statistic System to meet the international standard: 5 Projects and 12 Work Plans.
  - The Transformation to the Digital Banking: 2 Projects and 42 Work Plans.
- **Strategy 3: Strengthen the governance and the international standard service (3 Plans, 5 Projects, and 22 Work Plans)**

- The Improvement of the Accounting System and the Reporting Standard: 3 Projects, and 12 Work Plans.
- The Improvement of the Audit System to meet the International Standard: 2 projects, and 7 Work Plans.
- The Development of the PCI Compliance or Payment Card Industry Data Security Standard: 3 Work Plans.

II. Financial position and performance

1. Lao Macro-Economy and trends in the future

According to the report from the World Bank, the world economy is expected to grow at 3,8%, which increased by 2,5% from the year 2021. The National Economic Research Institute estimated that the growth of Laos might be around 4,0%. Energy & Mines Sector plays the main role as the main contributor, followed by the export of agriculture and manufacturing goods driven by the increased demand from foreign countries. Nevertheless, the Lao economy may still confront many challenges such as the increase in government debt, the revenue collection not following the plan, national reserves at a low level, the devaluation of the LAK, and the high inflation rate. Furthermore, the Russia-Ukraine war and the conflicts in economic, political, and geographical between many countries around the region especially China and the USA are the main factors that might cause direct and indirect impacts on the Lao economy.

1.1.Inflation Rate

The average inflation rate in June 2022 (compared year-by-year) increased by 23,6% which is considered the highest ever in 22 years (the inflation rate in May 2000 was 31%). The reason behind the sky-high inflation rate was the rising price of the priority product categories such as communication and transportation, goods and services, home appliances, and other categories. The high inflation rate was also due to an increase in oil and gas prices and the continued devaluation of the LAK currency.

1.2.Exchange Rate

The exchange rate between LAK/USD seems to fluctuate at a very high rate in June 2022. The average exchange rate of USD currency in the banking sector was 14.725 LAK/USD, which increased by 56% compared to the previous year (9.452 LAK/USD). Besides, the exchange rate in the market increased by 67% on average compared to the data at the same moment. The gap between the bank rate and the market rate tended to increase more and more (increased by 6% in 2021 to 18% in June 2022). The increase of the exchange rate was influenced by domestic factors and external factors by which the domestic factors were a huge domestic demand for USD while the USD is appreciating compared to other currencies all around the world due to the raising of the key rate in the USA by the Federal Reserve System.

The THB exchange rate, as of June 2022, for the bank rate is 478,9 LAK/THB on average which appreciated by 45% compared to the last year. On the other side, the market rate is 504,7 LAK/THB on average increased by 52%. The difference between the market rate and the bank rate tends to increase more and more (from 0,2% in the last of 2021 to 5% in June 2022). The reason behind the THB appreciation was the very high demand for THB in Laos since Laos

imported a ton of Thai goods from Thailand (approximately 50% of the imports in 2020 and 47% in 2021, National Statistic 2022).

1.3.Imports, Exports, and Investment

As of June 2022, the overall value of trade in June was 1.000 million USD, with 456 million USD in exports and 589 million USD in imports causing 133 million USD of a trade deficit. The major exports for June included gold, gold bars, paper & paper products, copper ore, wood pulp, waste paper, rubber, cassava, iron ore, bananas, and others (Lao PDR Trade Portal, as of June 2022).

2. Highlights of the Business Performance of BCEL

In H1/2022, BCEL held 1 Business Review Meeting, 4 Board of Directors Meetings (2 ordinary meetings and 2 extraordinary meetings), and the Annual Shareholders Meeting of the year 2021 on 29/04/2022. BCEL completed the Business Report for the year 2021. Concerning the administration, BCEL conducted the classification of the Branches and the Service Units for the year 2022; approved the Business Plans for the year 2022 for the Head Office and the Branches. The audit report of BCEL for the year 2021, by an audit firm, was also approved in both LAS and IFRS. Regarding the Key Performance Indicators, BCEL carried out the KPI on the Branches and the Credit Management Division in terms of the performance assessment. E-KYC was applied to the student ATM card service for identification. BCEL assessed the implementation of the Corporate Governance Scorecards, in the trial period, as per the requirement of the Lao Securities Exchange. BCEL Assets Management Company Limited is on the way to establish since BCEL is working on it. Furthermore, BCEL restructured its organizational chart as follows:

- Combined the Marketing Division and the Corporate and Private Banking Division, to form the Marketing and Corporate Clients Division. Moreover, some Sections within the Marketing and Corporate Clients Division were merged and the “marketing analysis” job was transferred to the Research, Development, and Branch Supervision Division.
- Combined the Risk Management Division and the Anti-Money Laundering Division, to form the Risk Management and Anti-Money Laundering Division.
- Merged the Credit Sales Division with the Credit Management Division to become the Credit Management Division;
- Renamed the Credit Operation Division to become the Assets and Liabilities Management Division;
- Dissolved the Legal Division and transferred some legal jobs to the Administration & Finance Division, Human Resources Division, and Assets and Liabilities Management Division;
- Permanently closed 2 Service Units: Luangprabang Branch’s Xiengmuan Unit and Salavan Branch’s Nalek Market Unit;
- Relocated 2 Branches: Vientiane Capital Branch’s Nam Phu Unit moved to Saysettha Development Zone, and Saysettha Branch’s Phontong Unit moved to Phonphanao under the new name of “Phonphanao Unit”.

3. Highlights of the business performance of BCEL

Here are the highlights of the business performance of BCEL in 1H2022:

- Assets: 84.447.452 million LAK, an excess of 16,41% of the year plan 2022 or a 41,77% increase compared to the same period of last year.
- Loans: 38.471.852 million LAK, which was a 21,22% excess compared to the year plan 2022 or a 30,69% increase compared to the same period of last year;
- Deposits: 76.493.066 million LAK, an excess of 15,90% compared to the year plan 2022 or a 43,14% increase compared to the same period of last year;
- Capital: 2.117.568 million LAK, which was 85,73% of the year plan 2022 or 0,65% decreased from the same period of the last year;
- Profit/(Loss) Before Tax: (2.768) million LAK, which was -4,69% of the year plan 2022.
- Profit/(Loss) After Tax: (12.698) million LAK, which was -26,90% of the year plan 2022.

III. About BCEL

- **Location and network**

The Bank's Head Office is located on No.01, Pangkham Street, Ban XiengNheun, Chanthabouly District, Vientiane, Lao PDR. As of 30 June 2022, the Bank has 1 Head Office, 6 joint ventures, 20 branches, 95 service units, and 10 exchange units all over the Lao PDR.

Contact information

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- **History of BCEL**

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

BCEL) was established in accordance with the Decision on Bank Establishment No. 129/BOL dated 01 November 1989. On 23 December 2010 BCEL accomplished IPO and renamed to Banque Pour Le Commerce Exterieur Lao Public according to the Enterprise Registration License No.0061/ ERO dated 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 (13.657.759 shares) to its strategic partner named Compagnie Financière de la BRED (COFIBRED) according to the stock purchase agreement between MoF and COFIBRED.

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, the 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 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 the Ministry of Industry & Commerce.

On 11 October 2019 the Lao Securities Commission Office granted BCEL 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 a certificate endorsing the offering completion of 10% of BCEL's shares.

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

The main activities of BCEL are to provide banking services including fund mobilization and deposit-taking for short-term, medium-term, and long-term from organizations and individuals. The bank also provides loans for short-term, medium-term, and long-term to business units and individuals based on the loan purposes and the capability of the bank in lending; foreign exchange transactions, payment services, international trade services, bank guarantee services, precious metal trading and other banking services allowed by the Bank of the Lao PDR such as insurance broker service.

Registered Capital

The registered capital of BCEL as of 30 June 2022 is 1.038.617 million LAK (31 December 2021: 1.038.617 million LAK)

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

1. The Structure and Profiles of the Board of Directors

1.1. The Board of Directors of BCEL

The members of BCEL's Board of Directors (BOD) as of 30 June 2022 consist of 9 members. The detail is as follows:

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

1.2. The Profiles of the Board of Directors

❖ Dr. Bounleua Sinxayvoravong: Chairman



- Date of Birth: 24 November 1966
- Nationality: Lao
- Languages: Lao, English
- Designation: Vice Minister of Finance
- Education: Doctorate's Degree and Master's Degree in Economics from Australian National University Canberra, Australia. Masters of Business Administration from Thammasat University Bangkok, Thailand. Bachelor and Master of Science in Physics and Mathematics from Moscow Pedagogical University, Moscow, Russia.

❖ Mr. Khamsouk Sundara: Vice Chairman



- Date of Birth: 03 June 1945
- Nationality: Lao
- Languages: Lao, English, and French
- Designation: Independent Director
- Education: George Town University (pew Fellowship Program) Washington D.C, USA. Indian Institute for Bank Management, Puna, India. A Bachelor's Degree from NSW University, Australia.

❖ Mr. Khamphout Sitthilath: Member



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

❖ Mr. Pasomphet Khamtanh: Member



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

❖ Mr. Stephane MANGIAVACCA: Member



- Date of Birth: 11/07/1975
- Nationality: French
- Languages: French, English, Spanish, Chinese, and Japanese.
- Designation: Head of International, COFIBRED (BCEL's strategic partner)
- Education: Ecole Nationale Superieure des Mines de Saint-Etienne, Engineering Diploma with honors. The University of New Brunswick in Canada, 2-semesters exchange programs in Environmental Engineering.

❖ Mr. Thongpheth Chanthanivong: Member



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

❖ Mrs. Latdavanh Songvilay: Member



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

❖ Mr. Sonexay Silaphet: Member



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

❖ Mr. Viengsouk Chounthavong: Member



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

2. The Management Structure

❖ **As of 30 June 2022, the Board of Management of BCEL consists of 7 members as follows:**

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





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

3.1. The meetings of the Board of Directors

For 1st half of 2022, BCEL's Board of Directors (BOD) held 2 Ordinary Meetings and 2 Extraordinary Meetings which the highlights of the meetings are as follows:

- Considered and approved some loan applications under the right of the BOD;
- Approved the appointment of the Committees to the BOD and the Secretariate of the BOD;
- Considered and approved the schedule for BOD's ordinary Meetings, the meeting of the Committees of the BOD for the year 2022, and the Plan to hold the Annual General Shareholders' Meeting for 2021;
- Approved on the principle basis for the establishment of BCEL's Asset Management Company as it will be a reference to be presented to the Shareholders' Meeting for consideration;
- Approved the result of the audited Financial Statement for 2021 according to the Lao Accounting Standard (LAS) and approved the result of the audited Financial Statement in accordance with IFRS by the BOD through Circular Letter;
- Approved the allocation of profit after tax for the year 2021 into regulatory reserves;
- Approved the Business Plan for 2022 of BCEL in order to propose to the Shareholders' Meeting for consideration;
- Approved the independent auditor for 2022 in order to propose to the Shareholders' meeting for consideration;
- Approved the plan to hold the Annual General Shareholders' Meeting for 2021 (AGM). The bank has set the closing date of the Shareholders' book (Recorded Date) on 1 April 2022 to define the right to attend the AGM 2021; The meeting will be held on 29 April 2022 at Lao Plaza Hotel.
- Approved the agendas of the AGM 2021 and no dividend payment for 2021.
- Approved the draft of the Decision on the Audit of a Commercial Bank and answered the questionnaire regarding the implementation of the said decision; also approved BCEL to respond to BOL.

3.2. Risk Management Committee

The committee has paid attention to supervising the research and development of the regulations and policies on risk management. The committee also approved the policies and regulations related to risk management and followed up on the implementation of the Basel 2 project. In the first half of 2022, the committee held 1 meeting to discuss and consider some important topics as follows:

- Acknowledged the risk management report and agreed to the risk classification in percentage to indicate the acceptance level. The in-charge division shall continue working on the project concerning if an unacceptable risk (severe) occurred; and how to respond to the said risk.
- Acknowledged the running of the Basel 2 project of BCEL by the relevant committee and let the committee keep working on the project to reach the set goal along with the time-to-time report.

- Preliminary approved the business continuity management policy of BCEL and let the in-charge committee work on the amendment as per some comments of the BOD members. After the amendment is finished, please propose it to the BOD via a circular letter.

3.3. Nomination and Remuneration Committee

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

3.4. Governance Committee

The committee held 2 meetings to consider and approve the business performance of BCEL and other issues, which shall be brought to the BOD for consideration the important detail is as follows:

- The committee followed up on supervising the business operation of BCEL on a regular basis, especially on the credit expansion, collection of NPL, and treasury work in each period.
- Followed up on the implementation of the business performance result, business plan, long-term strategic plan, and the implementation of the Business Plan and Projects;
- Followed up on the administration work and the human resource work of BCEL.
- Approved the proposal to establish BCEL's Asset Management Company and to propose to the BOD for consideration on the establishment model;
- Approved the Business Plan for 2022 and proposed it to the Board of Directors for consideration;
- Considered the results of the audited Financial Report of BCEL for 2021 (LAS) and the consideration of the dividend of 2021 and proposed to the BOD for consideration;
- To consider and approve the agendas of the BOD's Meetings and the Shareholders' Meetings for the year 2021 to propose to the BOD for approval.
- Considered the account record of the interest payable of some loan customers which has been suspended since the period COVID-19 severely spread.

3.5. Audit Committee

- Monitored staff implementation of regulations, rights, procedures, attention to auditing, preventing issues, and feedback from the customers. This is to ensure the resolving of the issues to be on-time. The committee also monitored the use of credit approval authority at branches, and applied the appropriate measures in resolving issues;
- Conducted 41 regular audits, 2 specialized audits, and 77 specific and urgent audits at Divisions, Centers, and Branches of BCEL.

- Conducted 41 regular audits, 2 specialized audits, and 77 specific and urgent audits at Divisions, Centers, and Branches of BCEL.
- The committee also followed up on the resolving of the findings from the internal and external auditors which 223 findings of the internal audit and 52 findings of the external audit were resolved.
- Completed the providing of the financial information of BCEL for the year 2021 to the audit company in order to support the issuance of the audited financial reports in accordance with LAS and IFRS on the schedule specified in the contract;
- Completed the issuance of the audited Financial Reports of BCEL in accordance with LAS for 2021 in order to propose to the BOD for approval;
- Completed the providing of the financial information of BCEL for the year 2021 to the State Audit Organization;
- Selected an external audit firm for the 2022 audit that will be proposed to the BOD Meeting and the 2021 AGM Meeting of BCEL.
- Approved the draft of the Decision on the Audit of a Commercial Bank and answered the questionnaire regarding the implementation of the said decision; also approved BCEL to respond to BOL.

V. Corporate Social Responsibility

➢ Corporate Social Responsibility and Social Support

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

By applying BCEL's potential in technology and advancements, BCEL has developed a product for CSR named "BCEL OneHeart", an intermediary platform for donation that supports both the donors and the recipients. For 1H2022, there were 2 projects: The Fund-Raising Project to support Health-Care Support for the Children in the Northern provinces and the fund-raising project to aid flood victims in Vientiane Capital 1630, there were 956 donors and the total donated amount was 55.71 million LAK.

BCEL has also supported society in various forms in the fields of education and sports, health, the relief of natural disaster victims, national events, etc. The support was in the form of cash and materials. There were 21 events of social contribution in 1H2022, the total value was 64,27 million LAK.

Managing Director

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

Saychit SIMMAVONG

BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC

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INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022



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BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC

INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

CONTENTS **PAGES**

Auditor's report	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

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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 2022, the related statement of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and condensed notes to 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 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 is not prepared, in all material respects, in accordance with the significant accounting policies described in Note 3 to this interim financial information.

PricewaterhouseCoopers (Lao) Sole Company Limited.

By Apisit Thiengtrongpinyo
Partner

Vientiane Capital, Lao PDR
Date: 25 August 2022

BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC

STATEMENT OF INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Notes	Unaudited 30 June 2022 LAKm	Unaudited 30 June 2021 LAKm
Interest incomes		1.437.822	1.296.539
Interest expenses		(872.086)	(724.550)
Net interest incomes	4	**565.736**	**571.989**
Fee and commission incomes		223.075	138.903
Fee and commission expenses		(106.203)	(16.455)
Net fee and commission incomes	5	**116.872**	**122.448**
Net gain/(loss) from dealing in foreign currencies		(138.270)	17.274
Net loss from dealing derivatives		-	(91)
Other operating incomes		120.206	58.426
Total operating income		**664.544**	**770.046**
Credit loss expense of loans to customers		(392.577)	(394.336)
Impairment losses of financial asset		(1.918)	(4.602)
NET OPERATING INCOME		**270.049**	**371.108**
Personnel expenses		(151.953)	(170.926)
Depreciation and amortisation		(48.389)	(40.541)
Depreciation of right-of-use assets		(3.996)	(4.188)
Other operating expenses	6	(86.585)	(88.751)
Total operating expenses		**(290.923)**	**(304.406)**
Share of profit and loss of associates and joint ventures	12	18.106	12.875
PROFIT/(LOSS) BEFORE TAX		**(2.768)**	**79.577**
Income tax expense	18	(9.930)	(42.277)
NET PROFIT/(LOSS) FOR THE PERIOD		**(12.698)**	**37.300**
Earnings/(Loss) per share (LAK)	7	(61)	180

Prepared by:

Mrs. Phousengthong Anoulakkham
Chief of Accounting Division

Approved by:

Mr. Sompasong Phothisane
Chief of Internal Audit Division

Approved by:

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

Mr. Saychit Simmavong
Deputy Managing Director

Vientiane, Lao PDR
Date: 25 August 2022

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 2022

	Unaudited 30 June 2022 LAKm	Unaudited 30 June 2021 LAKm
NET PROFIT/(LOSS) FOR THE PERIOD	**(12.698)**	**37.300**
OTHER COMPREHENSIVE INCOME		
Remeasurement loss on defined benefit plan	(346)	(2.630)
OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD, NET OF TAX	**(346)**	**(2.630)**
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD	**(13.044)**	**34.670**

Prepared by:

Mrs. Phousengthong Anoulakkham
Chief of Accounting Division

Approved by:

Mr. Sompasong Phothisane
Chief of Internal Audit Division

Approved by:

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

Mr. Saychit Simmavong
Deputy Managing Director

Vientiane, Lao PDR
Date: 25 August 2022

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 2022

	Notes	Unaudited 30 June 2022 LAKm	Audited 31 December 2021 LAKm
ASSETS			
Cash and balances with Bank of the Lao PDR		24.006.082	19.022.276
Due from banks	8	11.363.085	9.182.845
Loans to customers	9	41.676.348	32.372.070
Financial investments - Available-for-sale	10	88.205	91.657
Financial investments - Held-to-maturity	11	5.088.418	5.273.352
Investment in associates and joint ventures using the equity	12	665.097	643.318
Property and equipment	13	559.304	563.503
Intangible assets	14	287.545	293.321
Right-of-use assets		52.706	55.713
Deferred tax assets		37.015	37.015
Advance profit tax	18	15.147	24.015
Other assets		608.500	677.906
TOTAL ASSETS		**84.447.452**	**68.236.991**
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks and other financial institutions	15	6.612.086	5.269.436
Due to customers	16	70.786.474	57.169.169
Borrowings from other banks	17	4.616.744	3.354.623
Lease liabilities		23.205	29.595
Other liabilities		291.375	282.022
TOTAL LIABILITIES		**82.329.884**	**66.104.845**
EQUITY			
Share capital	19	1.038.617	1.038.617
Statutory reserves	20	836.635	831.667
Remeasurement of post-employment benefit reserve		9.536	11.416
Retained earnings		232.780	250.446
TOTAL EQUITY		**2.117.568**	**2.132.146**
TOTAL LIABILITIES AND EQUITY		**84.447.452**	**68.236.991**

Prepared by:

Mrs. Phousengthong Anoulakkham
Chief of Accounting Division

Approved by:

Mr. Sompasong Phothisane
Chief of Internal Audit Division

Approved by:

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

Mr. Saychit Simmavong
Deputy Managing Director

Vientiane, Lao PDR
Date: 25 August 2022

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 2022

			Other comprehensive items			
	Share capital LAKm	Statutory reserves LAKm	Remeasurement of post-employment benefit reserve LAKm	Available-for-sale reserve LAKm	Retained earnings LAKm	Total LAKm
Opening balance at 1 January 2022 - Audited	**1.038.617**	**831.667**	**9.882**	**1.534**	**250.446**	**2.132.146**
Net profit for the period	-	-	-	-	(12.698)	(12.698)
Appropriation to reserve for the year 2021 (Note 20)	-	4.968	-	-	(4.968)	-
Remeasurement in the fair value of financial investment – Available-for-sale	-	-	-	(1.534)	-	(1.534)
Remeasurement of post-employment benefit reserve	-	-	(346)	-	-	(346)
Closing balance at 30 June 2022 - Unaudited	**1.038.617**	**836.635**	**9.536**	**-**	**232.780**	**2.117.568**
Opening balance at 1 January 2021 - Audited	**1.038.617**	**753.399**	**(12.616)**	**-**	**433.629**	**2.213.029**
Dividend paid out to shareholders for the year 2020	-	-	-	-	(116.325)	(116.325)
Net profit for the period	-	-	-	-	37.300	37.300
Appropriation to reserve for the year 2020	-	78.266	-	-	(78.266)	-
Remeasurement of post-employment benefit reserve	-	-	(2.630)	-	-	(2.630)
Closing balance at 30 June 2021 - Unaudited	**1.038.617**	**831.665**	**(15.246)**	**-**	**276.338**	**2.131.374**

Prepared by:

Mrs. Phousengthong Anoulakkham
Chief of Accounting Division

Approved by:

Mr. Sompasong Phothisane
Chief of Internal Audit Division

Approved by:

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

Mr. Saychit Simmavong
Deputy Managing Director

Vientiane, Lao PDR
Date: 25 August 2022

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BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC

STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Notes	Unaudited 30 June 2022 LAKm	Unaudited 30 June 2021 LAKm
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) before income tax for the period		(2.768)	79.577
Adjustments for:			
Depreciation and amortization charges		48.389	40.541
Depreciation of right-of-use assets		3.996	4.188
Expense for impairment losses	9	392.577	394.336
Impairment loss on financial investments — Available-for sale		1.918	4.602
Share of profit and loss of associates and joint ventures	12	(18.106)	(12.875)
Defined post-employment benefit expense		3.010	2.399
Gain/(Loss) on disposal/written-off		(1.645)	4.683
Foreign exchange loss		1.303.466	47.727
Interest incomes	4	(1.437.822)	(1.296.539)
Interest expenses	4	872.086	724.550
Dividend income		(1.918)	(3.835)
Cash flows before changing in working capital		**1.163.183**	**(10.646)**
Changes in working capital (Increase)/Decrease in;			
Balances with other banks		(3.639.304)	890.920
Loans to customers		(8.691.467)	(927.561)
Financial investment - Held-to-maturity		-	56.650
Advance profit tax		(1.062)	-
Other assets		38.897	28.999
Due to other banks		1.351.647	744.367
Due to customers		13.491.305	4.728.738
Borrowing from other banks		31.651	(12.479)
Other liabilities		3.965	6.815
Cash generated from operation			
Interest received		33.960	588.997
Interest paid		(605.533)	(614.323)
Tax paid during the period	18	-	(16.717)
Net cash generated from operating activities		**3.177.242**	**5.463.760**
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property and equipment		(56.733)	(47.787)
Payments of intangible assets		-	(3.471)
Proceeds from disposals of property and equipment		22.681	318
Payment for right-of-use assets		(1.673)	(1.061)
Dividends received from investment in associates and joint ventures	12	2.825	1.365
Dividends received from financial investments – Available for sale		1.918	3.835
Payments for investment in associates and joint ventures		(2.040)	(1.360)
Proceed from financial investments – hold to maturity	11	348.401	67.789
Net cash from investing activities		**315.379**	**19.628**
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		-	(116.325)
Payments for lease liabilities		(2.470)	(2.713)
Net cash used in financing activities		**(2.470)**	**(119.038)**

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 2022

	Notes	Unaudited 30 June 2022 LAKm	Unaudited 30 June 2021 LAKm
Net increase in cash and cash equivalents		**3.490.151**	**5.364.350**
Cash and cash equivalents at the beginning of the period		25.867.759	14.396.829
Cash and cash equivalents at the end of the period	21	**29.357.910**	**19.761.179**
Non-cash from investing activities and financing activities;			
Settlement loan to customers and investment in hold-to-maturity securities		174.134	925.502
Acquisition of construction in progress and tangible assets		2.032	8.188
Acquisition of right-of-use assets		-	3.489

Prepared by:	Approved by:	Approved by:
Mrs. Phousengthong Anoulakkham Chief of Accounting Division	Mr. Sompasong Phothisane Chief of Internal Audit Division	Mr. Saychit Simmavong Deputy Managing Director

Vientiane, Lao PDR
Date: 25 August 2022

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

1. GENERAL INFORMATION

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 2022. the Bank has one (01) Head Office, six (6) associates and joint ventures, twenty (20) main branches, ninety-five (95) services units, and ten (10) exchange units all over Lao PDR, with number of employees 2.139 people (female 998 people).

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 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 the board of Director on 25 August 2022.

2. SIGNIFICANT EVENTS DURING THE CURRENT PERIOD

The COVID-19 infections

The COVID-19 infections in Laos, the number of cases has declined since the end of April 2022, in addition, the number of deaths reported decrease when compared to prior year. Laos fully reopened to tourism on 9 May 2022. All foreign tourists can now visit, some COVID-19 requirements remain in place.

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.

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.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 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. NET INTEREST INCOMES

	Unaudited 30 June 2022 LAKm	Unaudited 30 June 2021 LAKm
Interest incomes:		
Lending to customers	1.193.392	1.171.575
Deposits at other banks	86.358	26.572
Investment - Hold-to-maturity	158.072	98.353
Other interest income and similar income	-	39
	1.437.822	**1.296.539**
Interest expenses:		
Due to other banks	(119.009)	(100.005)
Customer deposits	(753.077)	(624.545)
	(872.086)	**(724.550)**
Net interest incomes	**565.736**	**571.989**

5. NET FEES AND COMMISSION INCOMES

	Unaudited 30 June 2022 LAKm	Unaudited 30 June 2021 LAKm
Fees and commission incomes from:		
Settlement services	182.045	113.990
Credit activities	7.239	2.932
Other activities	33.791	21.981
	223.075	**138.903**
Fees and commission expenses for:		
Settlement services	(25.969)	(14.380)
Treasury activities	(80.234)	(2.075)
	(106.203)	**(16.455)**
Net fees and commission incomes	**116.872**	**122.448**

6. OTHER OPERATING EXPENSES

	Unaudited 30 June 2022 LAKm	Unaudited 30 June 2021 LAKm
Deposit Insurance paid to Depositor Protection Fund	30.758	22.668
Repair and maintenance	10.082	12.511
Stationery and office materials	8.639	9.885
Telecommunication	4.578	4.373
Utilities	4.268	4.343
Insurance expense	4.040	4.607
Others	24.220	30.364
	86.585	**88.751**

7. EARNINGS PER SHARE

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

	Unaudited 30 June 2022	Unaudited 30 June 2021
Profit/(Loss) attributable to ordinary shareholders of the Bank (LAKm)	(12.698)	37.300
Weighted average number of ordinary shares for basic earnings per share (shares)	207.723.300	207.723.300
Earnings/(Loss) per share (LAK)	(61)	180

Net operating loss for the period ended 30 June 2022 is LAK 30.804 million which loss per share is 148 LAK per share and operating profit for the period ended 30 June 2021 was LAK 24.425 million which earnings per share was 118 LAK per share.

8. DUE FROM BANKS

	Unaudited 30 June 2022 LAKm	Audited 31 December 2021 LAKm
Current and saving accounts	**7.144.623**	**7.707.398**
- In LAK	9.368	181.421
- In foreign currencies	7.135.255	7.525.977
Term deposits	**4.169.870**	**1.468.772**
- In LAK	2.375.000	747.890
- In foreign currencies	1.794.870	720.882
Accrued interest receivable	**48.592**	**6.675**
	11.363.085	**9.182.845**

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

	30 June 2022 % per annum	31 December 2021 % per annum
Demand deposits	0,07% - 1,20%	0,07% - 1,10%
Saving deposits	0,07% - 2,16%	0,07% - 2,16%
Term deposits	0,15% - 6,36%	0,15% – 6,36%

9. LOANS TO CUSTOMERS

	Unaudited 30 June 2022 LAKm	Audited 31 December 2021 LAKm
Gross loans	38.471.852	30.080.974
Less: Allowance for impairment losses	(2.061.416)	(1.457.635)
Accrued interest receivable	5.265.912	3.748.731
	41.676.348	**32.372.070**

Changes in the allowance for impairment losses of loans to customers during the six-month ended 30 June 2022 as follows:

	LAKm
Balance as at 1 January 2022 - audited	**1.457.635**
Net change during the period	392.577
Non-performing loans written-off	(20.094)
Foreign exchange differences	231.298
Balance as at 30 June 2022 - unaudited	**2.061.416**

Break down of allowance for impairment losses of loans to customers as at 30 June 2022 are as follows:

	Unaudited 30 June 2022		Audited 31 December 2021	
	Outstanding balance LAKm	Impairment LAKm	Outstanding balance LAKm	Impairment LAKm
Individually impaired	4.859.896	1.688.833	5.888.337	1.109.137
Collectively impaired	33.611.956	372.583	24.192.637	348.498
	38.471.852	**2.061.416**	**30.080.974**	**1.457.635**

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

	30 June 2022 % per annum	31 December 2021 % 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%

9. LOANS TO CUSTOMERS (CONTINUED)

Analysis of loan portfolio by currency:

	Unaudited 30 June 2022 LAKm	Audited 31 December 2021 LAKm
Loans denominated in LAK	13.966.384	10.920.255
Loans denominated in USD	19.707.019	15.408.832
Loans denominated in THB	4.798.449	3.751.887
	38.471.852	**30.080.974**

Analysis of loan portfolio by original maturity:

	Unaudited 30 June 2022 LAKm	Audited 31 December 2021 LAKm
Short-term loans	3.471.435	2.714.300
Medium-term loans	22.041.746	17.234.346
Long-term loans	12.958.671	10.132.328
	38.471.852	**30.080.974**

10. FINANCIAL INVESTMENTS - AVAILABLE-FOR-SALE

As at 30 June 2022, the shares have fair value amount of LAKm 88.205 (31 December 2021: LAKm 91.657) and there has been impaired by an amount of LAKm 92.999.

11. 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	174.134
Amortisation of bonds discounted during the period	(10.667)
Collection	(348.401)
Balance as at 30 June 2022 - unaudited	**5.088.418**

12. 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 of associates and joint ventures	18.106
Invest in associates and joint venture	6.498
Less: Dividends received during the period	(2.825)
Balance as at 30 June 2022 - unaudited	**665.097**

Investment in associated and joint ventures as at 30 June 2022 were as follows:

	Ownership interest		Cost		Equity	
	30 June 2022	31 December 2021	Unaudited 30 June 2022	Audited 31 December 2021	Unaudited 30 June 2022	Audited 31 December 2021
	(%)		LAKm			
BCEL - Krung Thai Securities Company Limited	70,00%	70,00%	70.000	70.000	74.647	74.920
Lao Viet Joint Venture Bank	25,00%	25,00%	197.839	197.839	257.481	252.650
Banque Franco - Lao Limited	30,00%	30,00%	126.000	126.000	127.974	128.048
Lao China Bank Company Limited (*)	39,87%	49,00%	151.458	147.000	180.938	168.675
Lao-Viet Insurance Joint Venture Company	35,00%	35,00%	9.168	9.168	15.768	14.282
Lao National Payment Network Company Limited	20,00%	20,00%	6.800	4.760	8.289	4.743
Total			**561.265**	**554.767**	**665.097**	**643.318**

* According to the updated business license No. 0839/จขอ, dated 26 April 2022, Lao China Bank Company Limited had increased share capital from 1.000 shares to be 1.229 shares, however, BCEL agreed not to inject additional shares. The another shareholder "Fudian Bank Co., Ltd" is the only one which injects the additional cash to increase as 229 shares or 79.880 million LAK which affected to the percentage of ownership of BCEL dropped from 49,00% to be 39,87%.

13. PROPERTY AND EQUIPMENT

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

	LAKm
Balance as at 1 January 2022- audited	**563.503**
Additions*	58.766
Transferred construction in progress to intangible assets (Note 14)	(240)
Write off/Disposal, net	(20.352)
Depreciation charge	(42.373)
Balance as at 30 June 2022 - unaudited	**559.304**

* In this period, the most additions to property and equipment was construction in progress of the building.

14. INTANGIBLE ASSETS

Movement of intangible asset for the period are as follows:

	LAKm
Balance as at 1 January 2022 - audited	**293.321**
Additions	-
Transferred from construction in progress (Note 13)	240
Depreciation charge	(6.016)
Balance as at 30 June 2022 - unaudited	**287.545**

15. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	Unaudited 30 June 2022 LAKm	Audited 31 December 2021 LAKm
Demand deposits	**5.595.612**	**4.239.624**
- In LAK	2.790.647	1.691.702
- In foreign currencies	2.804.965	2.547.922
Saving deposits	**179.357**	**222.603**
- In LAK	71.891	113.520
- In foreign currencies	107.466	109.083
Term deposits	**796.613**	**764.652**
- In LAK	258.870	261.870
- In foreign currencies	537.743	502.782
Others	**27.595**	**20.652**
- In LAK	20.157	19.912
- In foreign currencies	7.438	740
Accrued interest payable	**12.909**	**21.905**
	6.612.086	**5.269.436**

15. 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 2022 % per annum	31 December 2021 % per annum
Demand deposits	0,00% – 1,00%	0,00% – 0,30%
Saving deposits	No interest	No interest
Term deposits	0,56% – 6,65%	0,56% – 6,65%

16. DUE TO CUSTOMERS

	Unaudited 30 June 2022 LAKm	Audited 31 December 2021 LAKm
Demand deposits	**9.698.323**	**7.627.802**
Demand deposits in LAK	3.717.068	3.453.603
Demand deposits in FC	5.981.255	4.174.199
Savings deposits	**35.876.649**	**28.428.750**
Saving deposits in LAK	15.917.228	13.710.668
Saving deposits in FC	19.959.421	14.718.082
Term deposits	**24.217.229**	**20.439.404**
Term deposits in LAK	9.019.422	9.446.282
Term deposits in FC	15.197.807	10.993.122
Margin deposits	**129.282**	**79.905**
Margin deposits in LAK	46.457	24.830
Margin deposits in FC	82.825	55.075
Other payables to customers	**241.598**	**95.915**
Accrued interest payable	**623.393**	**497.393**
	70.786.474	**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 1,10% – 7,75% per annum respectively.

17. BORROWINGS FROM OTHER BANKS

Movements in long term borrowings as at 30 June 2022 were as follow:

	LAKm
Balance as at 1 January 2022 - audited	**3.161.581**
Additions	91.667
Repayments	(60.016)
Loss on exchange rate	1.080.546
Balance as at 30 June 2022 - unaudited	**4.273.778**

	Unaudited 30 June 2022 LAKm	Audited 31 December 2021 LAKm
Borrowings from the BOL	3.048.310	2.251.071
Borrowings from others bank	1.225.468	910.510
Total	**4.273.778**	**3.161.581**
Accrued interest payable	342.966	193.042
	4.616.744	**3.354.623**

18. ADVANCE PROFIT TAX

	Unaudited 30 June 2022 LAKm	Audited 31 December 2021 LAKm
Advance profit tax (1)	15.147	24.015

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

	LAKm
Balance as at 1 January 2022 – audited	**24.015**
Profit tax during the period (2)	(9.930)
Tax adjustment	1.062
Payment during the period	-
Balance as at 30 June 2022 - unaudited	**15.147**

18. ADVANCE PROFIT TAX (CONTINUED)

(2) Income tax expense for six-month period ended 30 June 2022 and 30 June 2021 are as follows:

	Unaudited 30 June 2022 LAKm	Unaudited 30 June 2021 LAKm
Current income tax	9.930	42.277

19. SHARE CAPITAL

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

20. STATUTORY RESERVES

	Regulatory reserve fund LAKm	Business expansion fund and other reserve LAKm	Total LAKm
Balance as at 1 January 2022 - audited	**228.135**	**603.532**	**831.667**
Appropriation to reserve for the year 2021	496	4.472	4.968
Balance as at 30 June 2022 - unaudited	**228.631**	**608.004**	**836.635**

21. ADDITIONAL CASH FLOW INFORMATION

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

	Unaudited 30 June 2022 LAKm	Unaudited 30 June 2021 LAKm
Cash and cash equivalents on hand	3.241.253	2.757.422
Demand deposits with the BOL	18.116.874	12.108.670
Current and saving accounts with other banks	7.144.623	3.781.459
Term deposit due within 90 days	855.160	1.113.628
	29.357.910	**19.761.179**

22. COMMITMENTS

	30 June 2022 LAKm	31 December 2021 LAKm
Un-drawn commitments to lend for customers (ii)	2.547.472	1.917.706
Letter of bank guarantees (i)	479.998	375.568
At sight letters of credit	539.164	188.917
Deferred payment letters of credit	230.416	313.300
	3.797.050	**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.

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:

	30 June 2022 LAKm	31 December 2021 LAKm
Tier 1 capital	2.117.567	2.132.146
Tier 2 capital	-	-
Total capital	**2.117.567**	**2.132.146**
Less: Deductions from capital (Investments in other entities)	(665.097)	(643.318)
Capital for CAR calculation (A)	**1.452.470**	**1.488.828**
Risk weighted balance sheet items	23.088.229	18.738.102
Risk weighted off balance sheet items	2.031.629	1.467.354
Total risk weighted assets (B)	**25.119.858**	**20.205.456**
Capital Adequacy Ratio (A/B)	**5,78%**	**7,37%**

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 12.

b) Significant transactions as at 30 June 2022 with related parties were as follows:

	30 June 2022 LAKm	30 June 2021 LAKm
Interest income and other		
Parent company	167.604	126.666
Interest expense and other		
Related party	66.619	51.086

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 2022 LAKm	30 June 2021 LAKm
Salaries	833	708
Responsibility allowance	534	453
Bonus	-	295
	1.367	**1.456**

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 2022 LAKm	31 December 2021 LAKm
Receivables		
Parent company	5.182.546	5.507.249
Associate and Joint venture	1.020.901	837.737
Related party	20.753.878	16.139.348
Payables		
Associate and Joint venture	1.695.367	362.550
Related party	3.376.742	2.251.071