Business Performance Report

for the Three-Month Period of Quarter III

30 September 2022



OneCare 1555 BCEL Bank www.bcel.com.la

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 for 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 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, and 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

Many challenges around the world's economy, inflation, financial crisis, the conflicts between Russia and Ukraine, and the COVID-19 pandemic, affect the Lao economy directly and indirectly. According to the National Economic Research Institute's report, the Lao economic growth is estimated to be decreased from 4,0% (early year estimate) to 3,0% in 2022. Furthermore, some major factors are playing the main role in slowing down the growth, such as the global economy, the limited international reserve, the Lao Kip keeps depreciating, and inflation. Moreover, investment tends to decrease both in the private sector and the government sector affected by the economic crisis and public debts.

Despite these crises, some contributors are supporting the growth, such as the energy & mines sector, followed by the manufacturing sector, handicrafts, along with tourism & service which benefited from the border reopening and the Laos-China Railway Station.

1.1. Inflation Rate

As of September 2022, the average level of inflation is at 34,05% which compared to the rate of 2021 which is 4,17%, will be the highest rate in 20 years. The reasons behind the rising inflation are the price raising of the priority products in the categories of communication & transportation, and food & non-alcoholic beverages. Moreover, some other factors also caused inflation such as the oil price rising and the depreciation of LAK.

1.2. Exchange Rate

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 late 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.

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. 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 (Data by the Bank of the Lao PDR, as of March 2022).

1.3. Imports, Exports, and Investment

The overall value of trade in September 2022 was 1.146 million USD, with 456 million USD of exports and 689 million USD of imports causing 233 million USD of a trade deficit. The major exports included gold, gold bars, rubber, fertilizer, ore, sugar, and others. The main imported products are machinery, gas, and vehicles (Lao PDR Trade Portal, as of September 2022).

2. Highlights of the Business Performance of BCEL

In the 3rd quarter of 2022, BCEL held 1 Business Review Meeting, 2 Ordinary and 2 Extraordinary of the Board of Directors Meetings, 1 farewell & appointment ceremony for the old and the new General Managing Director of BCEL; approved the financial report for the first 6-month of 2022 reviewed by PwC; succeeded in developing the Multiple Bank-Linked (MBL) in cooperation with developers from South Korea. MBL is used in the trading system in the stock market to link brokerage firms with banks; defined the preliminary KPI practice for branches for the year 2023; finished the review of the draft of the relevant regulations for the Lao Social Security Organization membership application; amended 2 policies: Policy on the internal losses control, and policy on the business continuity management; working on the establishment of BCEL Assets Management Company Limited which BCEL is now considering the alternatives for solving the debts of BCEL; conducted an FS for establishing BCEL IT Company Limited; Moreover, BCEL opened 2 Service Units: Phonphanao Unit and Saysettha Development Zone Unit.

3. Highlights of the business performance of BCEL

Here are the highlights of the business performance of BCEL in 3H2022:

- Assets: 86.652.772 million LAK, an excess of 19,47% of the year plan 2022 or a 37,34% increase compared to the same period of last year.
- Loans: 40.673.338 million LAK, which was a 28,16% excess compared to the year plan 2022 or a 36,97% increase compared to the same period of last year;
- NPL ratio: 3,24%
- Deposits: 79.479.447 million LAK, an excess of 20,42% compared to the year plan 2022 or a 39,22% increase compared to the same period of last year;
- Capital: 2.139.294 million LAK, which was 86,61% of the year plan 2022 or a 0,16% decrease from the same period of the last year;
- Profit/(Loss) Before Tax: In the 3rd quarter of 2022, BCEL generated 28.348 million LAK, 25.581 million LAK of the profits before tax in September 2022 which is 43,36% of the year plan 2022.
- Profit/(Loss) After Tax: In the 3rd quarter of 2022, BCEL generated 37.437 million LAK, 24.740 million LAK of the profits before tax in September 2022 which is 52,42% 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 september 2022, the Bank has 1 Head Office, 6 joint ventures, 20 branches, 96 service units, and 10 exchange units across the Lao PDR.

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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 september 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 september 2022 consist of 7 members. The detail is as follows:

- Mr. Khamsouk Sundara — Acting Chairman
- 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

❖ 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. 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 September 2022, the Board of Management of BCEL consists of 6 members as follows:**
- Mrs. Saysamone Chanthachack, 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

In the 3rd quarter of 2022, the Board of Directors of BCEL held 2 Extraordinary BOD Meetings which the highlighted matters are as follows:

- Approval on the transfer and appointment of executive-level officers: approved the transfer of Mr. Khampout Sitthilath, the former Managing Director, and Mr. Nalin Sylavongsith, the former Deputy Director, to the Bank of the Lao PDR; and approved the appointment of the new Managing Director, Mrs. Saysamone Chanthachack.
- Approval on the BCEL as a custodian bank.
- Approval via a circular letter on the issuing of the first 6-month of the 2022 financial report audited by PwC.

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 3Q2022, the committee held 1 meeting to discuss and consider some important topics as follows:

- Acknowledged the risk management report and agreed to the resolution, BCEL keeps working on this matter.
- 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.
- Considered and approved the amendment of the operational risk management policy.

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 in 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 Governance Committee held 1 meeting to consider and approve the business performance of BCEL and other issues, which shall be brought to the BOD for consideration the important detail is as follows:

- The committee followed up on supervising the business operation of BCEL on a regular basis, especially on the credit expansion, collection of NPL, and 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.
- Assigned the related Divisions to consider the implementation of IFRS as the only accounting standard practice in BCEL and propose to BOL the waive of the unapplicable accounting standard practice.
- BCEL shall assist the customers with their loans, and expedite contacting the debt buying center and the debt buying companies in order to solve the NPLs.
- Approved the preparation of holding the Extraordinary Meeting of the Shareholders for the year 2022.

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 resolution of the issues is on time. The committee also monitored the use of credit approval authority at branches and applied the appropriate measures in resolving issues.
- Conducted 52 regular audits, 1 specific audit, and 91 specialized and urgent audits at Divisions, Centers, and Branches of BCEL.
- Provided the information to the audit team of the Payment Systems Department of BOL as the department conducted the electronic financial services audit for the year 2022.
- Provided the financial information of BCEL for the year 2021 to the State Audit Organization;
- Approved the financial report of the first 6 months of 2022 in LAS and IFRS after the review and it will be proposed to the BOD.

V. Corporate Social Responsibility

1. Tax payment

BCEL complies with the law of taxes and pays the tax in September 2022 in the amount of 19.606 million LAK as the following details:

Unit: million LAK

	Description	September 2022	2021
1	Profits tax	-	31.000
2	Value added tax	2.524	8.627
3	Salary tax	15.161	24.759
4	Consumption tax	-	-
5	Non-resident corporate income tax	449	1.469
6	Other taxes	1.471	5.263
	Total	**19.606**	**71.118**

- **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. In September 2022, there were 3 projects: The Fund-Raising Project to support Health-Care Support for the Children in the Northern provinces, the fund-raising project to aid flood victims in Vientiane Capital 1630, and the fund-raising project to aid flood victims in Oudomxay. There were 1.867 donors and the total donated amount was 229,95 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 39 events of social contribution in September 2022, the total value was 278,32 million LAK.

For **Managing Director**

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

Nanthalath KEOPASEUTH

BANQUE POUR LE COMMERCE EXTERIEUR
LAO PUBLIC

INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE-MONTH PERIOD OF QUARTER III ENDED 30 SEPTEMBER 2022

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Banque pour le commerce exterieur lao public

Statement of income (Unaudited)
For the Three-month period of quarter III ended 30 September 2022

	Notes	For the three-month period of quarter III ended 30 September 2022 LAKm	For the three-month period of quarter III ended 30 September 2021 LAKm
Interest incomes		691.165	616.154
Interest expenses		(471.356)	(372.524)
Net interest incomes	5	**219.809**	**243.630**
Fee and commission incomes		140.602	77.341
Fee and commission expenses		(11.676)	(9.297)
Net fee and commission incomes	6	**128.926**	**68.044**
Net gain/(loss) from dealing in foreign currencies		21.125	23.520
Net loss from dealing derivatives		-	(893)
Other operating income		10.767	25.477
Total operating income		**380.627**	**359.778**
Credit loss expense of loans to customers		(175.817)	(264.301)
impairment losses of financial asset		1.918	6.520
NET OPERATING INCOME		**206.728**	**101.997**
Personnel expenses		(70.224)	(51.179)
Depreciation and amortization		(40.661)	(22.317)
Depreciation of right-of-use assets		(28.548)	(1.928)
Other operating expenses	7	(49.106)	(43.883)
Total operating expenses		**(188.539)**	**(119.307)**
Share of profit and loss of associates and joint ventures		10.159	10.173
PROFIT BEFORE TAX		**28.348**	**(7.137)**
Income tax expense		9.089	14.748
Deferred profit tax (expense)/income		-	1.105
NET PROFIT FOR THE PERIOD		**37.437**	**8.716**
Earnings per share (LAK)	8	180	42

Prepared by:

Mrs. Phousengthong Anoulakkham
Chief of Accounting Division

Approved by:

Mr. Khammone Vansana
Deputy Chief of Internal Audit Division

Approved by:

Mr. Saychit Simmavong
Deputy Managing Director

Vientiane, Lao PDR
Date: 01 November 2022

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

Banque Pour Le Commerce Exterieur Lao Public

Statement of comprehensive income (Unaudited)
For the Three-month period of quarter III ended 30 September 2022

	For the three-month period of quarter III ended 30 September 2022 LAKm	For the three-month period of quarter III ended 30 September 2021 LAKm
NET PROFIT FOR THE PERIOD	**37.437**	**8.716**
OTHER COMPREHENSIVE INCOME		
Remeasurement loss on defined benefit plan	(5.829)	2.630
OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD, NET OF TAX	**(5.829)**	**2.630**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**31.608**	**11.346**

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Approved by:

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

Mr. Saychit Simmavong
Deputy Managing Director

Vientiane, Lao PDR
Date: 01 November 2022

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Banque Pour Le Commerce Exterieur Lao Public

Statement of financial position (Unaudited)
As at 30 September 2022

	Notes	30 September 2022 LAKm	31 December 2021 LAKm
ASSETS			
Cash and balances with Bank of the Lao PDR		22.387.624	19.022.276
Due from banks	9	11.544.847	9.182.845
Loans to customers	10	44.887.718	32.372.070
Financial investments - Available-for-sale	11	90.123	91.657
Financial investments - Held-to-maturity	12	5.315.517	5.273.352
Investments in associates and joint ventures	13	670.447	643.318
Property and equipment	14	557.820	563.503
Intangible assets	15	284.632	293.321
Right-of-use assets		54.444	55.713
Deferred tax assets		37.015	37.015
Advance profit tax		24.559	24.015
Other assets		798.026	677.906
TOTAL ASSETS		**86.652.772**	**68.236.991**
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks and other financial institutions	16	6.973.562	5.269.436
Due to customers	17	73.440.610	57.169.169
Borrowings from other banks	18	3.747.288	3.354.623
Current tax liabilities		880	-
Lease liabilities		26.292	29.595
Other liabilities		324.845	282.022
TOTAL LIABILITIES		**84.513.478**	**66.104.845**
EQUITY			
Share capital	19	1.038.617	1.038.617
Statutory reserves	20	836.635	831.667
Other comprehensive items		(6.175)	11.416
Retained earnings		270.217	250.446
TOTAL EQUITY		**2.139.294**	**2.132.146**
TOTAL LIABILITIES AND EQUITY		**86.652.772**	**68.236.991**

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

Mr. Saychit Simmavong
Deputy Managing Director

Vientiane, Lao PDR
Date: 01 November 2022

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

Banque Pour Le Commerce Exterieur Lao Public

Statement of changes in equity (Unaudited)
For the Three-month period of quarter III ended 30 September 2022

	Share capital LAKm	Statutory reserves LAKm	Remeasurement of post-employment benefit reserve LAKm	Remeasurement of financial investment- Available-for-sale LAKm	Retained earnings LAKm	Total LAKm
Balances as at 31 December 2021	**1.038.617**	**831.667**	**9.882**	**1.534**	**250.446**	**2.132.146**
Net profit for the period	-		-	-	24.739	24.739
Appropriation to reserve for the period	-	4.968	-	-	(4.968)	-
Remeasurement of post-employment benefit reserve	-	-	(16.057)	-	-	(16.057)
Remeasurement in the fair value of financial investment- Available-for-sale	-	-	-	(1.534)	-	(1.534)
Balances as at 30 September 2022	**1.038.617**	**836.635**	**(6.175)**	**-**	**270.217**	**2.139.294**

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Approved by:

Mr. Khammone Vansana
Deputy Chief of Internal Audit Division

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

Approved by:

Mr. Saychit Simmavong
Deputy Managing Director

Vientiane, Lao PDR
Date: 01 November 2022

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

Banque Pour Le Commerce Exterieur Lao Public

Statement of cash flows (Unaudited)
For the Three-month period of quarter III ended 30 September 2022

	Notes	For the Three-month period of quarter III ended 30 September 2022 LAKm	For the Three-month period of quarter III ended 30 September 2021 LAKm
OPERATING ACTIVITIES			
Profit before tax		**28.348**	**(7.137)**
Adjustments for:			
Depreciation and amortization charges	14,15	31.636	22.317
Depreciation of right-of-use assets		1.951	1.928
Expense for impairment losses	10	175.817	264.301
Impairment loss on financial investments – Available-for sale		(1.918)	(6.520)
Share of profit and loss of associates and joint ventures	13	(10.159)	(10.173)
Defined post-employment benefit expense		(3.010)	3.128
Loss on disposal/written-off		(3)	12
Unrealise loss on exchange rate		944.081	288.846
Interest incomes		(691.165)	(616.154)
Interest expenses		471.356	372.524
Cash flows from operating profit before changing in operating assets and liabilities		**946.934**	**313.072**
Changes in operating assets			
Net change in balances with other banks		297.686	269.161
Net change in loans to customers		(3.874.464)	(1.962.676)
Net change in Financial investment - Held-to-maturity		-	16.296
Advance profit tax		(323)	-
Net change in other assets		(133.563)	(16.556)
Changes in operating liabilities			
Net change in due to other banks		353.452	194.404
Net change in due to customers		2.663.294	3.466.745
Net change in Borrowing from other banks		(1.345.251)	(223.611)
Net change in other liabilities		20.768	(7.344)
Interest received		314.004	215.543
Interest paid		(404.968)	(401.391)
Tax paid during the period		880	(27.529)
Net cash flows generated from operating activities		**(1.161.550)**	**1.836.114**
INVESTING ACTIVITIES			
Purchase and construction of fixed assets		(10.194)	40.558
Purchase of intangible asset		-	(50.481)
Proceeds from disposals of fixed assets		(15.899)	915
Purchase of right-of-use assets		(4.831)	1.061
Dividends received from associates and joint venture investment	13	4.809	-
Payment for joint venture investment		-	-
Proceed from investment in investment in financial investments – hold to maturity	12	-	760.411
Net cash flows used in investing activities		**(26.115)**	**752.462**

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

Banque Pour Le Commerce Exterieur Lao Public

Statement of cash flows (Unaudited)
For the Three-month period of quarter III ended 30 September 2022

	Notes	For the Three-month period of quarter III ended 30 September 2022 LAKm	For the Three-month period of quarter III ended 30 September 2021 LAKm
FINANCING ACTIVITIES			
Payment on lease liabilities		3.026	(282)
Net cash flows used in financing activities		**3.026**	**(282)**
Net increase in cash and cash equivalents		**(1.184.639)**	**2.588.294**
Cash and cash equivalents at the beginning of the period		**-**	**-**
Cash and cash equivalents at the end of the period		**(1.184.639)**	**2.588.294**

Prepared by:

Mrs. Phousengthong Anoulakkham
Chief of Accounting Division

Approved by:

Mr. Khammone Vansana
Deputy Chief of Internal Audit Division

Approved by:

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

Mr. Saychit Simmavong
Deputy Managing Director

Vientiane, Lao PDR
Date: 01 November 2022

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

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 September 2022. the Bank has one (01) Head Office, six (6) associates and joint ventures, twenty (20) main branches, ninety-six (96) services units, and ten (10) 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 September 2022 is as follows:

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

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

The interim financial information was authorized for issue by BCEL Directors on 01 November 2022.

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 has effective from 22 April 2021 to 5 May 2021. However, the Lockdown period was extended until 14 November 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 2021. The primary financial statements (i.e. statements of financial position, income, comprehensive income, cash flows and changes in equity) are presented in a format consistent with the annual financial statements and comply with the reporting and disclosure regulations issued by the Lao Securities Commission Office (LSCO).

The interim financial information should be read in conjunction with the financial statements of six-month 2022 and annual financial statements for the year ended 2021.

The preparation of financial information requires management to make estimates and assumptions that affect the reported assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial information and the revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

4. ACCOUNTING POLICY

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2021.

5. NET INTEREST INCOMES

	For the Three-month period of quarter III ended 30 September 2022 LAKm	For the Three-month period of quarter III ended 30 September 2021 LAKm
Interest incomes:		
Lending to customers	534.963	530.476
Deposits at other banks	77.383	13.634
Investment - Hold-to-maturity	78.819	71.846
Other interest income and similar income	-	198
	691.165	**616.154**
Interest expenses:		
Due to other banks	(58.597)	(48.549)
Customer deposits	(412.759)	(324.065)
	(471.356)	**(372.524)**
Net interest incomes	**219.809**	**243.630**

6. NET FEES AND COMMISSION INCOMES

	For the Three-month period of quarter III ended 30 September 2022 LAKm	For the Three-month period of quarter III ended 30 September 2021 LAKm
Fees and commission incomes from:		
Settlement services	109.726	62.960
Credit activities	13.215	444
Other activities	17.661	13.937
	140.602	**77.341**
Fees and commission expenses for:		
Settlement services	(10.120)	(8.436)
Other activities	(1.556)	(861)
	(11.676)	**(9.297)**
Net fees and commission incomes	**128.926**	**68.044**

7. OTHER OPERATING EXPENSES

	For the Three-month period of quarter III ended 30 September 2022 LAKm	For the Three-month period of quarter III ended 30 September 2021 LAKm
Deposit Insurance paid to Depositor Protection Fund	17.124	12.419
Repair and maintenance	6.005	5.733
Stationery and office materials	5.327	5.068
Loss on property and equipment written off	95	12
Insurance expense	724	2.130
Telecommunication	1.910	2.467
Utilities	2.562	2.972
Others	15.359	13.082
	49.106	**43.883**

8. EARNINGS PER SHARE

The calculations of basic earnings per share as at 30 September 2022 and 2021 were based on the profit for the period attributable to ordinary shareholders of the Bank and the weighted average number of ordinary shares outstanding during the period as follows:

	For the Three-month period of quarter III ended 30 September 2022	For the Three-month period of quarter III ended 30 September 2021
Profit attributable to ordinary shareholders of the Bank (LAKm)	37.437	8.716
Weighted average number of ordinary shares for basic earnings per share (shares)	207.723.300	207.723.300
Earnings per share (LAK)	180	42

9. DUE FROM BANKS

	Unaudited 30 September 2022 LAKm	Audited 31 December 2021 LAKm
Current and saving accounts	**7.579.046**	**7.707.398**
- In LAK	9.367	181.421
- In foreign currencies	7.569.679	7.525.977
Term deposits	**3.880.148**	**1.468.772**
- In LAK	2.405.000	747.890
- In foreign currencies	1.475.148	720.882
Accrued interest receivable	**85.653**	**6.675**
	11.544.847	**9.182.845**

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

	30 September 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	0,35 - 6,00	0,15 - 6,36

10. LOANS TO CUSTOMERS

	Unaudited 30 September 2022 LAKm	Audited 31 December 2021 LAKm
Gross loans	40.673.338	30.080.974
Less: Allowance for impairment losses	(1.492.090)	(1.457.635)
Accrued interest receivable	5.706.470	3.748.731
	44.887.718	**32.372.070**

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

	LAKm
Balance as at 1 January 2021 - audited	**1.457.635**
Net change during the period	124.198
Non-performing loans written-off	(851.968)
Foreign exchange differences	762.225
Balance as at 30 September 2022 - unaudited	**1.492.090**

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

	30 September 2022		31 December 2021	
	Outstanding balance LAKm	Impairment LAKm	Outstanding balance LAKm	Impairment LAKm
Individually impaired	5.693.849	1.190.667	5.888.337	1.109.137
Collectively impaired	34.979.489	301.423	24.192.637	348.498
	40.673.338	**1.492.090**	**30.080.974**	**1.457.635**

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

	30 September 2022 % Per annum	31 December 2021 % Per annum
Loans denominated in LAK	5,00 - 16,00	5,50 - 16,00
Loans denominated in USD	4,99 - 16,00	4,25 - 16,00
Loans denominated in THB	6,00 - 11,50	6,00 - 10,00

10. LOANS TO CUSTOMERS (CONTINUED)

Analysis of loan portfolio by currency:

	Unaudited 30 September 2022 LAKm	Audited 31 December 2021 LAKm
Loans denominated in LAK	11.940.633	10.920.255
Loans denominated in USD	23.829.081	15.408.832
Loans denominated in THB	4.903.624	3.751.887
	40.673.338	**30.080.974**

Analysis of loan portfolio by original maturity:

	Unaudited 30 September 2022 LAKm	Audited 31 December 2021 LAKm
Short-term loans	3.999.887	2.714.300
Medium-term loans	23.708.476	17.234.346
Long-term loans	12.964.975	10.132.328
	40.673.338	**30.080.974**

11. FINANCIAL INVESTMENTS - AVAILABLE-FOR-SALE

The Bank has investment in share of EDL-Generation Public Company which is a listed company on LSX and the fair value at 30 September 2022 is LAK 90.123 million.

12. FINANCIAL INVESTMENTS - HELD-TO-MATURITY

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

	LAKm
Balance as at 1 January 2022 - audited	**5.273.352**
Additions	174.134
Amortise during the period	216.432
Collection	(348.401)
Balance as at 30 September 2022 - unaudited	**5.315.517**

13. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

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

	LAKm
Balance as at 1 January 2022 - audited	**643.318**
Share of profit and loss of associates and joint ventures	28.265
Invest in associates and joint venture *	6.498
Less: Dividends received during the period	(7.634)
Balance as at 30 September 2022 - unaudited	**670.447**

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

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

	Ownership interest		Cost		Equity	
	30 September 2022	31 December 2021	Unaudited 30 September 2022	Audited 31 December 2021	Unaudited 30 September 2022	Audited 31 December 2021
	(%)		LAKm			
BCEL - Krung Thai Securities Company Limited	70	70	70.000	70.000	74.040	74.920
Lao Viet Joint Venture Bank	25	25	197.839	197.839	259.502	252.650
Banque Franco - Lao Limited	30	30	126.000	126.000	129.272	128.048
Lao China Bank Company Limited	40	49	151.458	147.000	180.150	168.675
Lao-Viet Insurance Joint Venture Company	35	35	9.168	9.168	16.709	14.282
Lao National Payment Network Company Limited	20	20	6.800	4.760	10.774	4.743
Total			**561.265**	**554.767**	**670.447**	**643.318**

14. PROPERTY AND EQUIPMENT

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

	LAKm
Balance as at 1 January 2022- audited	**563.503**
Additions*	97.427
Transfer to other assets	(28.706)
Write off/Disposal, net	(3.308)
Depreciation charge	(71.096)
Balance as at 30 September 2022 - unaudited	**557.820**

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

15. INTANGIBLE ASSETS

Movements of intangible asset for the period are as follows:

	LAKm
Balance as at 1 January 2022 - audited	**293.321**
Additions	240
Depreciation charge	(8.929)
Balance as at 30 September 2022 - unaudited	**284.632**

16. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	Unaudited 30 September 2022 LAKm	Audited 31 December 2021 LAKm
Demand deposits	**5.826.117**	**4.239.624**
- In LAK	2.683.427	1.691.702
- In foreign currencies	3.142.690	2.547.922
Saving deposits	**266.977**	**222.603**
- In LAK	97.259	113.520
- In foreign currencies	169.718	109.083
Term deposits	**833.790**	**764.652**
- In LAK	250.870	261.870
- In foreign currencies	582.920	502.782
Others	**25.747**	**20.652**
- In LAK	15.292	19.912
- In foreign currencies	10.455	740
Accrued interest payable	**20.932**	**21.905**
	6.973.562	**5.269.436**

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 September 2022 % Per annum	31 December 2021 % 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 September 2022 LAKm	Audited 31 December 2021 LAKm
Demand deposits	**9.556.969**	**7.627.802**
Demand deposits in LAK	3.357.469	3.453.603
Demand deposits in FC	6.199.500	4.174.199
Savings deposits	**38.003.594**	**28.428.750**
Saving deposits in LAK	15.694.960	13.710.668
Saving deposits in FC	22.308.634	14.718.082
Term deposits	**24.885.648**	**20.439.404**
Term deposits in LAK	8.770.317	9.446.282
Term deposits in FC	16.115.331	10.993.122
Margin deposits	**106.352**	**79.905**
Margin deposits in LAK	40.868	24.830
Margin deposits in FC	65.484	55.075
Other payables to customers	**273.812**	**95.915**
Accrued interest payable	**614.235**	**497.393**
	73.440.610	**57.169.169**

Saving deposits from customers denominated in LAK, USD and THB bear interest at rate ranging of 1,25% – 1,89%, 0,90% - 1,15% and 0,45% – 0,70% per annum respectively.

Fixed term deposits in LAK, USD, THB have terms of 3, 6, 12 months and more than 1 year and are subject to interest rates ranging of 3,16% – 12,15%, 1,65% - 7,75% and 1,1% – 7,75% per annum respectively.

18. BORROWINGS FROM OTHER BANKS

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

	LAKm
Balance as at 1 January 2022 - audited	**3.161.581**
Additions	91.667
Repayments	(1.405.268)
Loss on exchange rate	1.493.640
Balance as at 30 September 2022 - unaudited	**3.341.620**

	Unaudited 30 September 2022 LAKm	Audited 31 December 2021 LAKm
Borrowings from the BOL	3.339.787	2.251.071
Borrowings from others bank	1.833	910.510
Total	**3.341.620**	**3.161.581**
Accrued interest payable	405.668	193.042
	3.747.288	**3.354.623**

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 2022	496	4.472	4.968
Balance as at 30 September 2022 - unaudited	**228.631**	**608.004**	**836.635**

21. ADDITIONAL CASH FLOW INFORMATION

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

	Unaudited 30 September 2022 LAKm	Unaudited 30 September 2021 LAKm
Cash and cash equivalents on hand	3.537.105	2.590.860
Demand deposits with the BOL	16.237.873	12.314.823
Current accounts with other banks	7.579.047	6.658.167
Term deposit due within 90 days	819.246	785.623
	28.173.271	**22.349.472**

22. COMMITMENTS

	Unaudited 30 September 2022 LAKm	31 December 2021 LAKm
Un-drawn commitments to lend for customers (ii)	2.752.335	1.917.706
Letter of credit and bank guarantees (i)	531.310	502.217
At sight letters of credit	517.827	375.568
Deferred payment letters of credit	183.820	-
	3.985.292	**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:

	Unaudited 30 September 2022 LAKm	31 December 2021 LAKm
Tier 1 capital	2.139.294	2.132.146
Tier 2 capital	-	-
Total capital	**2.139.294**	**2.132.146**
Less: Deductions from capital (Investments in other entities)	(670.447)	(643.318)
Capital for CAR calculation (A)	**1.468.847**	**1.488.828**
Risk weighted balance sheet items	23.688.363	18.738.102
Risk weighted off balance sheet items	2.105.480	1.467.354
Total risk weighted assets (B)	**25.793.843**	**20.205.456**
Capital Adequacy Ratio (A/B)	**5,69%**	**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 13.

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

	30 September 2022 LAKm	30 September 2021 LAKm
Interest income and other		
Parent company	243.266	204.728
Interest expense and other		
Related party	109.048	77.718

Transactions with key management personnel of the Bank

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

	30 September 2022 LAKm	30 September 2021 LAKm
Salaries	1.158	1.038
Bonus	-	295
Responsibility allowance	814	733
	1.972	**2.066**

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 September 2022 LAKm	31 December 2021 LAKm
Receivables		
Parent company	5.397.163	5.356.812
Associate and Joint venture	1.535.527	837.737
Related party	17.456.536	16.121.071
Payables		
Associate and Joint venture	1.826.171	1.208.259
Related party	3.745.430	2.435.033