Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Banque Pour Le Commerce Exterieur Lao Public Vientiane Capital, 22/11/2022

Minutes

BCEL's Extraordinary Shareholders' Meeting for the year 2022.

The Extraordinary Shareholders' Meeting of Banque pour le Commerce Exterieur Lao Public (BCEL) for the Year 2022 (hereinafter called: "The Meeting") was held at 14:35 on the 22nd November 2022 at BCEL's Head Office, Vientiane Capital and was presided over by Mr. Khamsouk Sundara, Vice-Chairman of BCEL's Board of Directors, together with Directors of the Board of Directors. The Meeting was attended by 16 shareholders, 145 proxies, and the total number of shares in the meeting was 152.435.111 shares, including 929.531 shares via proxies, which in total is equivalent to 73,384% of the total shares of BCEL and this made the quorum of the Meeting in accordance with the Articles of Association of BCEL and relevant laws. The number of shares not attending the Meeting was 55.288.189 shares, equivalent to 26,616% of the total shares of BCEL.

The Chair Committee and the Directors of the Board of Directors who attended the Meeting included the following:

1. Mr. Khamsouk Sundara, Independent Director, Vice-Chairman of the Board of Directors, Chairman of the Meeting
2. Mr. Pasomphet Khamtanh, Representative of the Ministry of Finance, Director of the Board of Directors;
3. Assoc. Prof. Thongphet Chanthanivong, Independent Director of the Board of Directors;
4. Mr. Sonexay Silaphet, Independent Director of the Board of Directors;
5. Mrs. Latdavanh Songvilay, Independent Director of the Board of Directors;
6. Mr. Viengsouk Chounthavong, BCEL's Deputy Managing Director, Director of the Board of Directors;
7. Mr. Stephane Urbain, the representative of COFIBRED, the Strategic Partner;
8. Mrs. Saysamone Chanthachack, BCEL's Managing Director.

The Chairman of the Meeting introduced the rule of the Meeting and the voting. After that, the Meeting was proceeded in accordance with the agenda.

The Meeting considered, commented and voted on each agenda as follows:

Agenda 1: To consider and approve the minutes of the shareholders' meeting for the year 2021.

Mrs. Saysamone Chanthachack, BCEL's Managing Director, reported to the Meeting that the minutes of BCEL's shareholders' meeting for the year 2021 held on 29 April 2022 has been disclosed in accordance with the related regulations, and requested the Meeting to consider and approved the said minutes;

After that, the Chairman provided an opportunity for shareholders to ask the question on this agenda. There were no questions.

The meeting approved the Minutes of BCEL's shareholders' meeting for the year 2021 with the majority vote of the shareholders attending the Meeting as detailed below:

- Approved: 152.435.111 votes, equivalent to 100% of the total votes attending the Meeting.
- Disapproved: 0 votes, equivalent to 0% of the total votes attending the Meeting.

Agenda 2: Report of BCEL's Business Performance for the 9 months of the year 2022.

Mrs. Saysamone Chanthachack, BCEL's Managing Director, reported to the Meeting about the implementation of the resolutions adopted by the previous shareholders' meeting, outstanding activities taken by BCEL and the business performance results for the 9 months of the year 2022 (unaudited figures) which comprised of some key numbers as follows:

- 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: 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: 25.581 million LAK, 43,36% of the annual plan of the year 2022;
- Profit/(Loss) After Tax: 24.740 million LAK, 52,42% of the annual plan of the year 2022.

After that the Chairman provided an opportunity for shareholders to ask the question on this agenda. There were comments and questions as follows.

❖ **Mr. Kraiwal Kadavanich:** On behalf of the Thai Shareholders' Association:
- According to the attachment 3 number 4 specifies that the procurement, construction and repair has been carried out at 9% of the year plan, but it does not specify whether this more or less.
- Relocation of 2 service units as reproted by the managing director is specified in attachment 3 number 5 as open of 2 service units. Therefore, clarification is needed whether this is actually relocation or new open.
- Merging of the marketing division with the corporate and private banking service division, which division is responsible for sales and marketing strategy for retail banking.
- According to the attachment it is said that there will be a service unit in railway station, but in the minutes of the previous BCEL's Shareholders Meeting, it is stated that there is no plan to expand more service units, please make it clear.
- According to the reports, 6 employees is recruited, but in the minutes of the previous Shareholders' Meeting there is no recruitment specified.

- It should be clear whether vote is required or not for Agenda 2 as there is a ballot, but according to the Chairman this agenda is for reporting purposes only.
- For the recruitment of 6 new employees of BCEL, just in case that the shareholders meeting did not approve before, we should vote agenda 2 to approve the recruitment of those 6 staff members.

➢ **Mrs. Saysamone Chanthachack**: thanked for the comments and responded as follows:

- The procurement, construction and repair made 9% of the year plan. The item covering most of the plan is the expense for construction of DATA Center. Before starting, the construction plan was approved by the board of directors and shareholders' meeting. The construction has been partially completed which is recognized as fixed assets under purchase and construction. The construction project is still ongoing. The 9% figure represents the procurement, construction and repair that has been booked as assets compared with the year plan.
- For the 2 service units that were just open, it is actually relocation of 2 existing service units, namely Phontong Service Unit and Namphou Service Unit due to the fact that there are service points nearby. Therefore, they relocated into new places where there are more communities to increase effectiveness in customer service.
- The merge of divisions is taken in line with cost-saving policy as the larger structure means more expenditure. So it is necessary to merge 4 divisions and become 2 divisions. However, the key functions including services are still maintained.
- For the railway station service unit is still under research whether there should be a service unit at the railway station, but it is still on hold as BCEL is also working on possibility for rail ticket settlement with the Lao China Railway Company and researching various related issues. Currently only ATMs are installed.
- Recruitment of additional employees of BCEL is very limited and for necessary work. Currently, the Managing Director is working with branches to summarize the problems and information so as to realize the actual need of staff recruitment to put in the year 2023 plan. With regard to recruitment of 6 new employees we look at the information again whether it was included in the year 2022 plan which has already approved by the shareholders' meeting, and we will report to the next shareholders' meeting.
- In relation to preparation of the next meeting documents, we will pay more attention on document preparation.
- Agenda 2 does not require votes as declared by the Chairman.

❖ **Mr. Sovanrith Im from Canadia Bank:** For the year 2022 do you expect BCEL to pay dividends or not and what is the plan for year 2023?

➢ **Mrs. Saysamone Chanthachack**: Regarding the expectation of the dividends for the year 2022, as of October 2022, the unaudited business results of BCEL show some profit. For year end of 2022, BCEL Management team will strive for their best to make BCEL's performance result with profit as much as possible in order to make dividend payment possible for the shareholders. However, the amount of dividends and the form of payment will be considered and propose to the next shareholders' meeting.

- The plan for the year 2023 is currently being developed by BCEL. The main point of the plan is that BCEL emphasizes solving various problems and difficulties in the past, for examples, to solve NPL, to minimize new NPL, to lend carefully focusing on the areas that are given priority by the government and that should be qualified borrowers only; and to develop the products of BCEL that meet the demands and expectation of the society so as to have more income from service fees.

- **Mr. Ang Buth from Canadia Bank**: Inquiring about the plan to establish an asset management company of BCEL, how the progress is, how the share structure will be. Will BCEL co-share with other entities or 100% own the shares? These will make the direction clearer for managing the assets associated with NPL in order to generate some returns which is of the interest of the shareholders.
  - The open and close of service units or branches could affect the customer service and operation results. Therefore, clear targets should be established for each service unit or branch because shareholders expect dividends;
  - The merge of divisions is highly appreciated.
- **Mrs. Saysamone Chanthachack**: In establishment process of BCEL's asset management company we have tried to research with the lessons of foreign countries and worked with the debt collection center of BOL to see the readiness of various aspects. At the same time, we try to explore about the advantages and disadvantages of establishing such a company from the lessons of Vietnam and Thailand. For the shareholder plan of the establishment of the company, initially, BCEL will hold 100% of the shares, then we will research to have other shareholder helping us in management; The establishment license is subject to the approval from BOL. Once the approval is given, we can proceed further.
  - The establishment and close of the service unit is based on the actual business effectiveness. For those service units that have been closed BCEL still continue consider the direct and indirect benefits. If there is more beneficial BCEL will propose the reopen. Some areas that cannot expand the service unit, we will also consider to have other alternative ways of service, for example, installing the ATMs to serve the customers.

The Meeting acknowledged the report of BCEL's business performance for the 9 months of the year 2022

Note: This agenda is the report for information purpose only, and no vote is required.

Agenda 3: Report on the appointment of the Managing Director

Mrs. Saysamone Chanthachack, BCEL's Managing Director, reported to the Meeting that the Extraordinary Board Meeting held on the 1 August 2022 approved the transfer of Mr. Khamphout Sitthilath former managing director of BCEL to take new duty at the Bank of the Lao PDR as required by the mandates of the relevant organization, and approved the appointment of Mrs. Saysamone Chanthachack, the new managing director of BCEL. The handover ceremony between the former and the new managing director was held on the 2nd August 2022 and disclosure was made available for the shareholders, investors and the public in accordance with disclosure procedure. Such appointment is consistent with the rights and functions of the Board of Directors as provided in the articles of association of BCEL, law on commercial banks and related regulations. In accordance with clause 3 article 123 of the law on enterprises, the vacancy of managing director which occurs in between the two ordinary shareholders' meeting shall be appointed by the board meeting.

After that, the Chairman provided an opportunity for shareholders to ask the question on this agenda. There were no comments or questions.

The Meeting acknowledged the report on the appointment of the Managing Director of BCEL.

Note: This agenda is the report for information purpose only, and no vote is required.

Agenda 4: To consider and approve the appointment of the members of the Board of Directors to replace the vacant positions

Mrs. Saysamone Chanthachack, BCEL's Managing Director, reported to the Meeting that the current BCEL's board of directors consist of 7 members out of 9 members of the original due to the fact that 2 members were transferred to take new duty as per decisions of the relevant organizations as follows:

1. Mr. Bounleua Sinxayvoravong, PhD. , Board Chairman, was appointed the Governor of the Bank of the Lao PDR who also submitted a letter informing the board of directors about his intention to cease his roles in BCEL's board of directors.
2. Mr. Khamphout Sitthilath former managing director of BCEL, board Member, was assigned to take new duty at the Bank of the Lao PDR and this, as provided in the articles of association of BCEL, ends his membership in the board of directors.

Regarding the 2 vacant seats in BCEL's board of directors, the board of directors has resolved to propose the appointment of the replacing members as follows:

1. Propose the appointment of Mrs. Saysamone Chanthachack, managing director of BCEL, to be theboard member replacing Mr. Khamphout Sitthilath. The Ministry of Finance has had a decision about this appointment;
2. Regarding the appointment of the member to replace Mr. Bounleua Sinxayvoravong, the relevant organization is currently considering. Therefore, the shareholders' meeting is requested to authorize the Board of Directors to approve the appointment after the decision of the relevant organization is received, and to make disclosure as required by regulations and report the shareholders in the next shareholders' meeting.

After that, the Chairman provided an opportunity for shareholders to ask the question on this agenda. There were comments and questions as follows:

- **Mr. Kraiwal Kadavanich**:
  - Informed the Meeting that the order of the bullet points specifying the vacant positions and request for succession approval should have been made in the same order. According to the English version, the request for approval of Mrs. Saysamone mentioned Attachment 5 but the Attachment 5 happens to be about fuel allowances. Therefore, the document should be prepared more carefully.
  - The request for the Meeting to authorize the board of directors to approve the successor of the board chairman should be made it clear that the Meeting authorizes the board of directors to approve the person who is decided by the relevant organization (the Ministry of Finance) only, so the board of directors shall not approve any other person.
- **Mrs. Saysamone Chanthachack:** In connection with this agenda, the main point is to approve the appointment of members of BCEL's Board of Directors to replace the vacant positions, which is to approve the Managing Director as a member of the Board of Directors in accordance with the regulations. With regard to the position of Chairman of the Board of Directors to succeed Mr Bounleua Sinxayvoravong, previously BCEL has proposed to the

relevant organization and it is under consideration process. The person to assume the position of the chairman of the board of directors will be determined by the Ministry of Finance. If the Ministry of Finance notifies the name of the person, Board of Directors shall approve that person as per the decision of the Ministry of Finance and disclose the information to the public.

The Meeting resolved to approve Mrs. Saysamone Chanthachack, Managing Director of BCEL as a member of the BCEL's Board of Directors and resolved to authorize the Board of Directors of BCEL to approve the nominated person whom to be appointed by the Ministry of Finance as the Chairman of the BCEL's Board of Directors.

The meeting approved with the majority vote of the shareholders attending the Meeting as detailed below:

- Approved: 152,435,111votes, equivalent to 100% of the total votes attending the Meeting.
- Disapproved: 0 votes, equivalent to 0% of the total votes attending the Meeting.

Agenda 5: To consider and approve the adjustment of fuel allowance for BCEL's employees

Mrs. Saysamone Chanthachack, BCEL's Managing Director, reported to the Meeting that current fuel allowance for BCEL's employees was adopted in 2010 determining the allowances in fixed amount of money for each position. At the present, there has been substantial increase in petroleum price (i.e. the regular petroleum price 10.500 LAK/liter in 2010 was increased to 19.570 LAK/liter in September 2022). This makes the current fuel allowance received by the employees become insufficient to afford the today petroleum price. Therefore, in order to restore the confidence and encouragement of the employees, and to fight against the unprecedented brain drain among the employees which there has been a relatively high turnover rate this year, the Management of BCEL has researched and agreed to adjust the fuel allowance from fixed amount of money for each position to a fixed number of liters of petroleum for each position basing on the regular gasoline price as determined by the government in each period of time. Details are given in the table below.

Table of Adjustment of Fuel Allowance		
	Old (in LAK)	**New (in litres of petroleum)**
General Managing Director	3,000,000	**190**
Deputy Managing Director	2,200,000	**140**
Board member from BCEL who is not DMD	2,100,000	**130**
Chief of Division, Center and Branch Manager	1,800,000	**110**
Vice Chief of Division, Center and Branch Manager	1,600,000	**100**
Head of Section and Complete Service Unit	1,500,000	**95**
Deputy Head of Section and Complete Service Unit	1,400,000	**90**
Deputy Head of Normal Service Unit	1,300,000	**80**
Team Head	1,200,000	**75**
Expertised Technical Staff	1,000,000	**70**
Experienced Technical Staff	1,000,000	**70**
Permanent Staff	1,000,000	**65**

Probational Staff	0	**25**
Contractual Technical Staff	0	**25**
Contractual Staff	0	**25**

After that, the Chairman provided an opportunity for shareholders to ask the question on this agenda. There were comments and questions as follows:

- **Mr. Kraiwal Kadavanich**:
  - Regarding the high staff turnover rate, did BCEL think of this before? The word "high staff turnover rate" seems inappropriate as it could tarnish the reputation of BCEL.
  - Concerning the fuel allowance, do we use the fleet cards that require employees to show petrol bills in order to reimburse fuel benefits?
  - It should be made clear that approval is requested for changing from fixed amount of money to liter of petrol limit, not the approval for increasing the payment of fuel allowance as given in the Attachment 5?
- **Mrs. Saysamone Chanthachack**: In relation to the fuel allowance, it is intended to improve the living conditions of the employees in the difficult economic situation. In the Attachment, we want to show the Meeting about the information on the current fuel allowance which is determined in fixed amount of money and the fuel allowance determined in liters of petroluem which we are proposing for approval. If we take the current fuel allowance in liters of petroluem with the petroluem price in 2010, we will realize that the number of liters of petroluem under the new fuel allowance that we are proposing reduce significantly. But due to the current high oil prices, the new fuel allowance when calculated in amount money also increase. Disbursement shall be calculated by multiplying numbers of liters of each staff position with the regular gasoline price determined by the Ministry of Industry and Commerce in each period of time and the money shall be transfered into each employee's monthly income. This means that the amount of money for fuel allowance received by the employee will swing corresponding to change of petroluem price in each period of time. The request for the Meeting's approval is the number of liters of petroluem for each position.
- **Mr. Ang Buth from Cannadian Bank**: If the disbursement is made according to the liters of petroleum, this will be difficult for staff and management process as petroleum bills must be kept in order to disburse the fuel payment. Therefore, calculation in amount of money will more appropriate. Regardless of fluctuation of oil price, we just take the number of petroleum liters multiplied with the oil price and then transfer the money to the employees in each month as this money is subject to tax pursuant to laws.
- **Mrs. Saysamone Chanthachack**: The amendment is proposed to approve the change into the number of liters of fuel. The actual disbursement is in amount of money according to the actual price of fuel each month and the money is paid in combination with the staff salary. This kind of improvement is a psychological tactic aiming to encourage employees.
  - The income tax is still an obligation that BCEL employees must fully fulfill for the state.
  - There are many reasons for the resignation of employees. However, in the history of 33 years operation of BCEL, many people want to become BCEL employees. There have been plenty of job applicants. But in the past year, particularly in 2022, more than 10 employees

have resigned. As executive management, we need to understand the reasons for this, and there are many problems we can see, including head-hunting for experienced employees by our competitors. At this difficult period, there are many problems to solve. So, BCEL has researched and proposed a solution starting from the adjustment of fuel allowance at initial stage. Although it is minimal, this means problem solution from small to large with what we can do in order to enable the employees to see that the management team is paying attention on their problems and this shall encourage them to carry out their works confidently.

The meeting approved the adjustment of fuel allowance for BCEL's employees with the majority vote of the shareholders attending the Meeting as detailed below:

- Approved: 152,435,111votes, equivalent to 100% of the total votes attending the Meeting.
- Disapproved: 0 votes, equivalent to 0% of the total votes attending the Meeting.

Other matters:

1. **Mr. Sonenalin Sengmany:** informed the Meeting that the Plan for the year 2022 has included the recruitment of 6 employees and this plan has been already approved in the last shareholders' meeting.
   - ➢ **Mrs. Saysamone Chanthachack**: agreed with the information and requested the secretariat to note in the minutes of the Meeting.
2. **Mr. Kraiwal Kadavanich:** made comments as follows:
   - Information and updates on BCEL's website are necessary to make shareholders have better access to information. A specific link should be created for investor relations as it is the keyword for searching on the internet which shall not specify the link name as disclosure. With this specific link it will be more convenient for shareholders and investors to get the information;
   - BCEL One has splash screen for advertisement of credit card benefits, for example, travel insurance. However, this kind of advertisement is not available on BCEL's website which shall be made avialable to attract the customers. Additional advertisement on benefits for BCEL's credit cardholders should be made available, for instance, access to lounge at international airports around the world;
   - Commission charge for payment for goods and services made by credit card should be changed to merchant discount rate which the commission charge is included in the goods or service prices and later the merchant must pay back to the bank. This will help make the customers not worry that they are charged for settlement by cards;
   - At the present BCEL does not require customer signatures for settlement by cards in certain amount. In reality, the merchants are not properly trainedand it become confused for both the merchants and customers whether signatures shall be made on the payment slip. This could be solved with 2 options: train the merchants to get the right understanding or revert to the standard practice which require customer signature for all transactions.

- **Mrs. Saysamone Chanthachack:** thanked for all the comments on various problems. BCEL will take into consideration to improve BCEL's services where it is deemed appropriate.

The Chairman has addressed his sincere thanks to the shareholders and the proxies for their kind attendance to the Meeting and announced the Meeting closed at 15:30 of the same day.

Chairman	**Recorder**
Khamsouk Sundara	**Phonedasouk VONGPHACHANH**