Report
On Corporate Governance Assessment Results of
Banque Pour Le Commerce Exterieur Lao Public
2023

By: Lao Securities Exchange

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1. Info of Banque Pour Le Commerce Exterieur Lao Public

1.1 General Information

Title	Description
Name of company:	Banque pour le Commerce Exterieur Lao Public (BCEL)
Headquarter Location:	Headqaurter, Ban XiengNheun No.01, Pangkham Street, Chanthabouly District, Vientiane capital.
Tel:	021 213000
Key Business Type:	Commercial Bank
Date of Listing:	10 January 2011
Website:	www.bcel.com.la
Number of Employees:	2.107 People
Number of Listed Shares:	207.723.300 shares
Market price (30/12/2022):	4.950 KIP/Share
Market Capitalization (30/12/2022):	1.028.230 Million Kip

1.2 Financial Information

Statement of Financial Position (31 December 2022) Unit: Million KIP	
Assets: 94.493.015	Revenues: 3.749.948
Liabilities: 92.135.055	Expenses: 3.521.758
Equity: 2.357.960	Net profit: 228.190

1.3. List of Board of Directors:

The board of directors of BCEL consists of total 9 members as below:

1)	Mr. Bounpone Vanhnachith	Chairman
2)	Mr. Khamsouk Sundara	Vice chairman/Independent member
3)	Mr. Pasomphet Khamtanh	Member
4)	Mr. Stephane Mangiavacca	Member
5)	Mme. Saysamone Chanthachack	Member
6)	A./Prof Mr. Thongphet Chanthanivong	Independent Member
7)	Mrs. Latdavanh Songvilay	Independent Member
8)	Mr. Sonexay Silaphet	Independent Member
9)	Mr. Viengsouk Chounthavong	Member

1.4. List of the Board Committees

The board of director consists of 4 committees, each committee has the following members:

1) Audit Committee

1.	Mr. Sonexay Silaphet	Chairman
2.	A./Prof Mr. Thongphet Chant hanivong	Vice Chairman
3.	Mr. Pasomphet Khamtanh	Member

2) Risk Management Committee

1. A./Prof Mr. Thongphet Chanthanivong	Chairman
2. Mr. Pasomphet Khamtanh	Vice Chairman
3. Mr. Sonexay Silaphet	Member

3) Nomination and Remuneration Committee

1. Mr. Khamsouk Sundara	Chairman
2. Mr. Bounpone Vanhnachit	Vice Chairman
3. Mme. Saysamone Chanthachac	Member

4) Corporate Governance Committee

1. Mrs. Latdavanh Songvilay	Chairman
2. Mme. Saysamone Chanthachac	Vice Chairman
3. Mr. Sonexay Silaphet	Member
4. Mr. Viengsouk Chounthavong	Member

1.5. List of the Directors

1) Mme. Saysamone Chanthachac	Managing Director
2) Mr. Nanthalath Keopaseuth	Deputy Managing Director
3) Mr. Kongsack Souphonesy	Deputy Managing Director
4) Mr. Viengsouk Chounthavong	Deputy Managing Director
5) Mrs. Bouaphayvanh Nandavong	Deputy Managing Director
6) Mr. Saychit Simmavong	Deputy Managing Director

1.6. List of the Persons in charge of CG

Name and surname	Contact	Email
Mr. Bounlouane Ounlathavong	020 2220 4337	bounlouane@bcel.com.la
Mr. Vanhpaserth Bounnaphonh	020 5662 2442	bounnaphonh@gmail.com
Prof. Inpong Siliphouthone	020 2888 5353	Inpong007@gmail.com

2. Overview of Corporate Governance Assessment Result

2.1. The Assessment Result by Actual Score

In 2023, BCEL has achieved a total of 80.22 scores for CG Scorecard assessment, classified in a very good rank. The details are provided as follows:

Section	Full Score	Actual Score
Shareholder Rights and the Equal Treatment of Shareholders	10	9.33
Management of Relationship with Stakeholder	10	8.18
Disclosure and Transparency	40	34.05
Roles and Responsibilities of the Board	40	28.65
Total	**100**	**80.22**

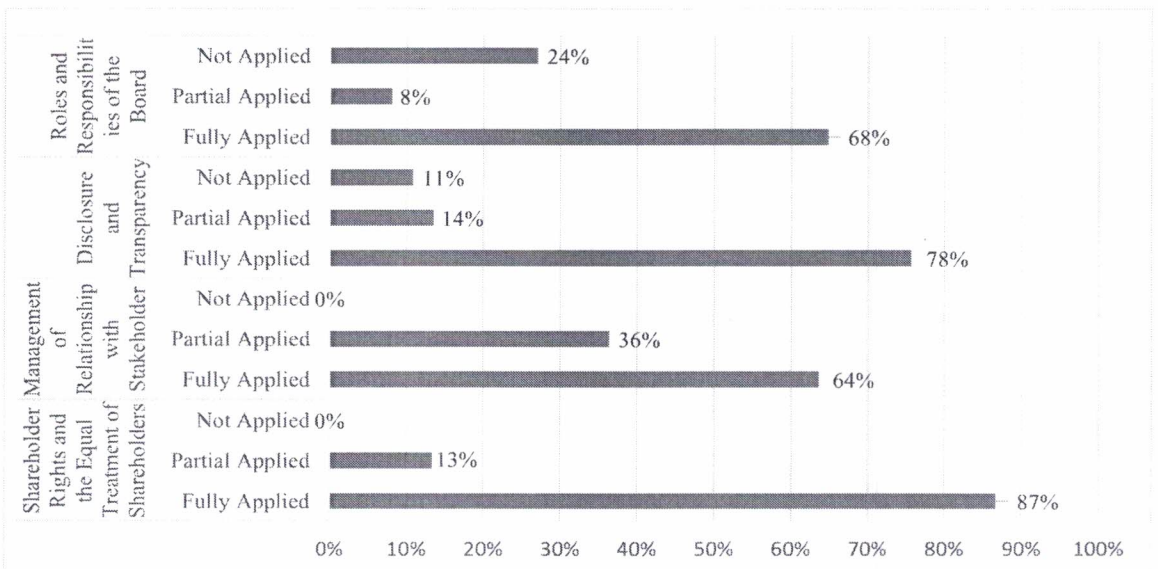
1. Shareholder Rights and the Equal Treatment of Shareholders achieved 9.33 scores;
2. Management of Relationship with Stakeholder achieved 8.18 scores;
3. Disclosure and Transparency achieved 34.05 scores;
4. Roles and Responsibilities of the Board achieved 28.65 scores.

2.2. The Assessment Result Calculated in Each Scoring Categories

The scoring comprises of 3 categories including FA (Fully Applied) = 1 Score, PA (Partial Applied) = 0,5 Score and NA (Not Applied) = 0 Score, which the result of BCEL performance could be shown as follows:

BCEL	**Shareholder Rights and the Equal Treatment of Shareholders**		**Management of Relationship with Stakeholder**		**Disclosure and Transparency**		**Roles and Responsibilities of the Board**		**Total**	
	Question	**%**	**Question**	**%**	**Question**	**%**	**Question**	**%**	**Question**	**%**
Fully Applied	13	87%	7	64%	29	78%	25	68%	74	74%
Partial Applied	2	13%	4	36%	5	14%	3	8%	14	14%
Not Applied	0	0%	0	0%	3	8%	9	24%	12	12%
Total	**15**	**100%**	**11**	**100%**	**37**	**100%**	**37**	**100%**	**100**	**100%**

As shown in the above table, BCEL has achieved the corporate governance implementation in fully applied (FA) 74%, followed by partial applied (PA) 14% and not applied (NA) 12%. The assessment results above could be shown in the bar chart as below:



3. Achievements and Outstanding Issues

3.1. Section 1 Shareholder Rights and the Equal Treatment of Shareholders

BCEL has achieved the implementation in fully applied (FA) 87%, followed by partial applied (PA) 13% and not applied (NA) 0% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- The organization of shareholder meetings: BCEL sent an invitation letter and relevant important documents to shareholders before the shareholder meeting date as well as inform the procedures, methods of voting and voting result in each agenda including provide the right to shareholders in voting 1 share per 1 vote. - BCEL has defined the policy on dividend payment and has paid dividends to shareholders along the list in the shareholder's book within 30 days from the date of having the resolution on dividend payment. - BCEL has defined and provided the rights to shareholders owing individually or collectively at least 5% of the company's total shares to nominate candidates to the board of director, right to add an agenda of shareholder's meeting, and give the rights to shareholders owing individually or collectively at least 10% of the company's total shares to propose the board of director to hold the shareholder's meeting as stipulated in the internal regulation. - In the actual implementation BCEL has informed the procedures and methods of voting in each agenda of the shareholders' meeting to the shareholder as defined in the BCEL's internal regulation. - BCEL's internal by-laws has defined incident on the newly share issuance which shall be approved by the shareholders meeting, addition, also has provide for preemptive rights of shareholders to purchase newly issued shares pro rata to their shareholding before distribution to other parties. - The appointment or cancellation of the audit firm contract and the audit service fee shall be approved by the shareholders' meeting.	- BCEL does not prescribe in the Internal regulation regarding any investment, purchasing or selling assets with the value at 50% or higher of the company's total assets shall be approved by the shareholder's meeting.

- In the actual practice, BCEL has disclosed the invitation letter to attend the shareholder meeting on time. - Shareholders received comprehensive information regarding the experience and the background of candidates for board of directors' member including about age, academic qualifications and other relevant, such as directorships in other listed/non-listed companies. - Chief executive officer and external auditor attend shareholders' meeting to answer questions and clarify relevant issues.	

3.2. Section 2 Management of Relationship with Stakeholder

BCEL has achieved the implementation in fully applied (FA) 64%, followed by partial applied (PA) 36% and not applied (NA) 0% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- The board has defined the policy on safeguarding and welfare, training and human development for its employees so that the company's employees can actively contribute to the implementation of the work to achieve the company's goals and involve in the company's management. - BCEL has specified a contact channel to receive comments or petitions from its stakeholders on problems, doubts or violations of their rights/contracts on the website or the annual business performance report of the bank. - BCEL has created a mechanism to provide information, comments or complaints of employees on the behaviors that is not in accordance with the code of ethics, regulations or laws of the board members or senior management of the bank. - The board has defined the policy or mechanism to protect its employees or stakeholders who provide information, comments or petitions about behavior that is inconsistent with ethics, regulations and relevant laws. - The board has defined policies to rigorously counter fraud and bribery in its code of ethics. - The board of director has defined a policy on protecting the rights and interests of creditors	- The board does not set policies on relationship with local communities where the company is operating. - The board does not set policies for environment protection and promotion of its sustainable development. - The board does not set policies on the selection of trade partners, suppliers and contractors.

especially regarding security and default terms and conditions.	

3.3. Section 3 Disclosure and Transparency

BCEL has achieved the implementation in fully applied (FA) 76%, followed by partial applied (PA) 14% and not applied (NA) 11% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- BCEL has disclosed information about the nature, value and list of related individuals and legal entities as well as the relationship of related persons to related party transactions in the company's financial statements. - BCEL has disclosed information on the vision, objectives, goals or a strategic plan in the annual business performance report and BCEL's website. - BCEL Has disclosed information on the group of the companies or the companies in its group, financial information, non-financial information, dividend and remuneration policy of each member of board of directors in each year, the background of education and training of the board of directors, the number of times of organizing the board and committees meeting and in the annual business performance report. - BCEL has disclosed information on the company's risk factors in the annual business performance report. - BCEL has disclosed information on the list of direct and indirect shareholders who hold 5% or more shares. - BCEL disclosed information on direct and indirect shareholdings of board members and the senior managements. - BCEL has disclosed information on changes or important events that occurred within the year in the annual business performance report. - BCEL has disclosed information on financial statements, annual reports, shareholder	- BCEL does not disclose the policy on related party transactions as considering procedures and related parties transactions approval (RPTs) in annual business performance report. - BCEL does not report and disclose information on the purchase and sale of shares of board members and the senior managements, chief internal auditor, chief accounting officer and chief financial officer within 72 hours. - The board of directors did not disclose the criteria used for the nomination, election and appointment of the new board. - BCEL does not disclose the internal regulations regarding the remuneration of the board of directors, the senior managements and its employees to the public through the bank's website. - BCEL does not disclose remuneration policy of its board members and senior managements on both individual and aggregated basis in its annual business performance report each year.

meeting resolutions and shareholder meeting notes on the company's website as usual. - BCEL has disclosed information about an officer in charge of relation with shareholders and investors (investor relations) on the bank's website. - BCEL has disclosed the annual business performance report and financial statements that have been audited by external auditors within 120 days from the end of the accounting year. - BCEL has disclosed the financial statements for 1st and 3rd quarter within 45 days from the end of such quarter onwards. - BCEL has disclosed the Semi financial statements that have been reviewed by external audit firm within 60 days from the end of the 2nd quarter. - BCEL has disclosed the resolution of the shareholders' meeting within 24 hours after completion of the shareholders' meeting. - BCEL has rotated external audit firm every 5 years. - BCEL has disclosed the auditor's remuneration from auditing the financial statements each year in the annual business performance report. - Persons in charge of reporting and disclosure information have been appointed and have undergone training for such work.	

3.4. Section 4 Roles and Responsibilities of the Board

BCEL has achieved the implementation in fully applied (FA) 65%, followed by partial applied (PA) 8% and not applied (NA) 24% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- BCEL has at least one non-executive board member with experience relevant to the company's business, in addition, include at least one female board member. - The appointment or dismissal of the board members have been approved by the shareholders' meeting.	- The board chairman is not an independent member, and the board does not designate a lead director among the independent director if the board chairman is not independent. - The board members do not attend the meeting of the board of directors at least ¾ of the meeting. - The remuneration committee do not held committee's meeting at least twice a year.

- The board of directors consists of 09 members and 4 of them are independent members (more than 1/3 of all board members). - Independent members have a maximum total tenure of not more than 8 consecutive years. After the expiration of that term, independent members can continue to be eligible for selection and hold positions as other board members that is not independent member. - Each board member has received significant documents related to the meeting of board of directors or the board committees at least 7 business days before such conference. - BCEL's internal role explicitly provided details on the rights, duties and responsibilities of the board - The board charter been published on the company's website. - The board of directors held 10 board meetings in 2022. - The board has created a statement on the corporate mission, vision and culture to be communicated to all staff of the company for their understanding on the company's strategic direction. - The board of directors has appointed an audit committee, risk management committee, nomination & remuneration committee, corporate governance committee and the chairman of such committees are independent members. - The audit committee and the chairman of the audit committee have knowledge and experience in accounting. - The board of directors has approved the internal chapters of various committees and published it to the public through the bank's website. - The risk management committee approved and supervised the processes and policies in the identification and management of risks.	- The board of directors has not created and disclosed a succession plan for the positions of board member, the senior managements and the important officer of the bank. - The board do not determine a minimum quorum of at least 2/3 of directors for board decision - The board of directors does not annually evaluate the performance of the board of directors, board members and the board committee - BCEL do not disclose the criteria and conditions for evaluating the performance of board chairman, board members and board committee in the annual business performance report.

4. Suggestions for Improvement

4.1. Suggestions to be stipulated in the Internal Regulation

In order to enhance the corporate governance function, BCEL should correct the following issues:

- Should prescribe in the internal regulation regarding any investment, purchasing or selling assets with the value at 50% or higher of the company's total assets shall be approved by the shareholder's meeting;
- The board should approve the policies on the selection of trading partners, suppliers and contractors in the relevant regulations;
- The board should formulate and approve the policies on interaction with communities in where the company is operating;
- The board should formulate and determine the policies on environmental protection and the promotion of sustainable development.

4.2. Suggestions for Further Implementation

In order to enhance the corporate governance implementation, BCEL should be more attentive:

- Should disclose of company's information on business operations, policy on related party transactions, policy on remuneration for board members, and senior managements each year in the annual business performance report;
- Should and disclose the criteria used in the selection, procedures, conditions and appointment of the board and the senior managements;
- Should report or disclose on the purchase and sale of company shares of the board members or senior managements, chief internal auditor, chief accounting officer and chief financial officer within 72 hours;
- Should disclose the audit firm's fees received from audit and other non-audit services (If any or not)
- The board chairman should be an independent member. The board should designate a lead director among the independent directors if the board chairman is not independent;
- Should hold meeting for remunerative determination at least 2 times a year;
- The board of directors should create and disclose employee succession plan for the position of Board members, senior managements and other important positions in the company;
- The BOD should approve the plan for the upcoming Board meeting which covers the date and agenda of the meeting;
- The board should require the minimum quorum of at least 2/3 of the total number of directors for board decisions.
- The board should conduct an annual self-assessment and assessments for individual's members and board committees each year.
- The Board of directors should disclose the criteria and process to assess the performance of the board, individual directors and committees in the company's annual business performance report.

Chief Executive Officer of LSX