ທະນາຄານການຄ້າຕ່າງປະເທດລາວ ມະຫາຊົນ
BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC



Report on BCEL's Business Performance

Financial statement for the three-month period of quarter III Ended 30 September 2024

I. Overview of BCEL

1. Vision

BCEL revises its long-term strategy for 2021-2025, to align with the bank's development work plan and to attain its goals and objectives under the vision of "**Becoming a strong and modern bank that meets international standards**".

2. Mission

To realize its vision of becoming a strong and modern bank that meets international standards, BCEL is committed to enhancing customer service while adapting to evolving trends, maintaining financial strength, and preparing for Basel II compliance. The bank also prioritizes keeping its IT systems current and integrating new technologies to improve services, ensuring transparency and speed in its management information systems (MIS) while upholding international security standards. Furthermore, BCEL places significant emphasis on human resource development to enhance staff expertise and professionalism, thereby facilitating the bank's adaptability to changes and fostering continuous growth. Ultimately, the bank aims to enhance customer experience, generate sustainable profits, and create value for shareholders.

❖ **Plans and Projects for 2024**

In its pursuit to become the foremost bank in modern and international banking practices in the Lao PDR, BCEL has outlined comprehensive development strategies encompassing directions, goals, and detailed implementation plans for 2024. These strategies consist of 11 Plans and 39 Projects as follows:

- **Strategy 1: Organizational strengthening (5 Plans and 20 Projects)**

- Financial Management and Sustainable Business Operation Enhancement: 5 projects;
- Credit Management: 5 projects.
- Empowerment and Effectiveness Enhancement of Human Resources: 4 projects.
- Create and Strengthen the Risk Management System and the Foundation of Anti-Money Laundering: 5 projects.
- Developing corporate governance in accordance with international Standards: 1 project.

- **Strategy 2: Modernization, advanced technology, and innovation enhance the business operation. A step into the digital era of the economy (3 Plans and 14 Projects)**

- Development and Management of the IT System: 7 projects.
- Management Information System and the Development and Modernization of the Statistic System to meet the international standard: 5 projects.
- Developing the products to transform the digital banking services: 2 projects.

- **Strategy 3: Strengthen the governance and the international standard services (3 Plans and 5 Projects)**

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

II. Financial Position and Highlights

1. Lao PDR' Economy and Future Trends

In the first nine months of 2024, the Lao PDR continues to encounter several economic challenges, including issues related to the financial and monetary landscape, fluctuations in the exchange rate, inflation, labor shortages, budget constraints, and public debt. Notably, the tourism sector and investments in the energy sector remain critical factors and drivers of economic growth.

According to projections from the World Bank, the Singapore economy is expected to grow by 4%[1] by the end of 2024. This anticipated growth rate is lower than that experienced in the pre-COVID-19 period, primarily due to ongoing economic uncertainties and a range of internal and external factors. Despite the government's implementation of a more hawkish and austere monetary policy, which includes restrictions on foreign currency exchange, these measures have had a limited impact on the recovery of macroeconomic stability.

1.1. Inflation

As of September 2024, the inflation rate stood at 21.7%[2], representing the second consecutive month of a slower rate of increase over the past twelve months. Among the various categories of goods, the highest inflation rate was observed in the health and medicine sector, which experienced an increase of 34%. This was followed by the accommodation, water supply, electricity, and cooking fuel category, with an increase of 32.9%, and the restaurants and hotels category, which saw an increase of 30.9%. The home appliances category rose by 29.3%, while the education sector also experienced an increase of 29.3%. Notably, the food and non-alcoholic beverages category, which carries the largest consumption weight, increased by 21.1%

The primary reason for the slower pace of inflation rate increases is the relatively low pressure on the exchange rate, which is characterized by minimal volatility. Additionally, the decline in oil prices in the global market has contributed to lower prices for imported goods. However, weak domestic production conditions, exacerbated by climate change factors such as heavy rainfall and flooding, along with insufficient supply to meet demand, have led to higher prices for many commodities

[1] https://www.worldbank.org/en/country/lao/overview#1
[2] Inflation Report for September 2024, National Statistics Center

1.2. Exchange Rate

In the third quarter of 2024, the Bank maintained the exchange rate band of ±7.50% against the U.S. dollar. The difference between the buying and selling rates for currencies such as the dollar, baht, yuan, euro, and yen is limited to no more than 2%. For currency exchanges involving cheques, the difference between the purchase and sale rates shall not exceed 5%. Furthermore, the exchange rates for the kip against both the dollar and the baht continue to increase (Source: Bank of the Lao PDR).

The average interbank exchange rate for the dollar over the first nine months was 21,398 kip/dollar, reflecting an increase of 18% year-on-year (up from 18,070 kip/dollar). In comparison, the average off-grid exchange rate was 24,229 kip/dollar, which represents a year-on-year increase of 28% (up from 18,945 kip/dollar). Regarding the exchange rate for the baht, the average rate across the entire banking system was 663 kip/baht, marking an increase of 23% (up from 539 kip/baht) compared to the same period. The average non-institutional exchange rate was 677 kip/baht, showing an increase of approximately 22% (up from 552 kip/baht), according to data from the Bank of Lao PDR and Statistics of Foreign Economies. The depreciation of the kip continues to be influenced by both internal and external factors. However, in 2024, the Bank of Lao PDR will maintain a more stringent approach to monetary policy and implement the exchange rate policy in alignment with market mechanisms under state supervision

2. Highlighted updates of BCEL

During the third quarter of 2024, BCEL convened 1 performance review meeting (the meeting for the 2nd quarter of year 2024), conducted 5 Board of Directors' meetings (5 ordinary meetings and 3 extraordinary meetings), the Bank also conducted a ceremony to announce the appointment of Deputy Managing Directors and approved and disclosed the financial figures for the first six months of 2024, which were reviewed by an independent auditor. Additionally, an investors and international relations section was established. Furthermore, a seminar titled "Opportunity Day" for the first half of 2024 was held at the Lao Securities Exchange and was broadcasted live via the Facebook Page of the Lao Securities Exchange.

Service networks: The Xaymoungkhoun Service Unit opened for operations on July 8, 2024, as part of the Vientiane Capital Branch.

Cooperations:

A signing ceremony was held between BCEL and Vientiane Insurance Group on September 25, 2024, at the Crowne Plaza Hotel, alongside the launch of insurance buying and selling services through the BCEL One app.

Marketing:

Various marketing activities have been conducted, including the Free Vacation Generation event in Shanghai in collaboration with MoneyGram, the 2-Tier Lucky Giveaway to celebrate the Founding Day of the Lao Women's Union, the BCEL One Happy Introduction with Prizes, and the 35th Anniversary of BCEL Cerebration Campaign, which featured a free subscription to BCEL One offering gifts valued at 100,000 Kip. Additionally, BCEL was honored with the 2024 U.S. Dollar Clearing Quality Recognition Award for Outstanding Achievement in Best-in-Class from JP Morgan Chase Bank.

3. Financial Highlights

As of the third quarter of 2024, BCEL's financial highlights are as follows:

- Assets/Liabilities: 139,971,526 million LAK, achieved 99.42% of the 2024 annual plan , an increase of 20% compared to the same period last year.
- Loans: 58,190,052 million LAK, achieved 97.85% of the 2024 annual plan, a growth of 19% compared to the same period of last year.
- NPL rate: 2.67%.
- Deposits: 131,042,832 million LAK, accounted for 100.80% of the 2024 annual plan and increased by 23% compared to the same period of last year.
- Profit After Tax (Net): 368,774 million LAK (Profit after tax for 9 months period of the year 2024), achieved 122.92% of the 2024 annual plan, a growth from the same period of last year by 82%.

III. Overview of BCEL

- Locations and networks

The Bank's Head Office is located on No.01, Pangkham Street, Ban XiengNheun, Chanthabouly District, Vientiane, Lao PDR. As of 30 September 2024, the Bank has 1 Head Office, 6 joint ventures, 20 branches, 101 service units, and 12 exchange units all over the Lao PDR.

Contact

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- History of BCEL

Banque pour le Commerce Exterieur Lao Public (BCEL) operates as a public company and is listed on the Lao Securities Exchange.

The bank was established in accordance with Decision on Bank Establishment No. 129/BOL dated 1 November 1989. On 23 December 2010, BCEL completed its initial public offering (IPO) and was renamed Banque Pour Le Commerce Exterieur Lao Public as per 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. Initially, the Government, represented by the Ministry of Finance, held 80% of the total shares.

On 15 July 2011, the Ministry of Finance sold 10% of the total ordinary shares to its strategic partner, Compagnie Financière de la BRED (COFIBRED), a subsidiary of BRED, the largest banking society in the Banque Populaire Group—a French group of cooperative banks.

On 17 August 2017, BCEL successfully completed a recapitalization through public and rights offerings to existing shareholders, operating under the new Decision no. 21/BOL dated 13 September 2017, issued by the Bank of Lao PDR. By 15 September 2017, Lao Securities Exchange certified that BCEL increased its registered capital to 355,728,500,000 LAK (71,145,700 shares) as per certificate No. 01/LSX dated 15 September 2017. BCEL also received a 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 to restructure its shareholder structure, offering more shares to the public and existing shareholders. This restructuring aimed to diversify shareholders, foster growth, and strengthen stability. The offering completion of 10% of BCEL's shares was endorsed by the Lao Securities Commission Office on 29 November 2019.

Currently, BCEL's shareholder structure comprises 60% government ownership, with domestic investors (including BCEL's employees) holding 30%, foreign investors holding 30%, and BCEL's strategic partner holding 10%.

BCEL's primary activities include providing banking services such as fund mobilization and deposit-taking for organizations and individuals on short-term, medium-term, and long-term bases. The bank also offers loans for short-term, medium-term, and long-term purposes to businesses and individuals based on lending capabilities and loan purposes. Additionally, BCEL engages in foreign exchange transactions, payment services, international trade services, bank guarantee services, precious metal trading, and other banking services permitted by the Bank of the Lao PDR, including insurance broker services.

Registered Capital

The registered capital of BCEL as of 30 September 2024 is 1,038,617 million LAK (31 December 2023: 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 Board of Directors of BCEL, as of 30 September 2024, consists of 8 members as follows:

Name and surname	Position	Date of designation
Mr. Bounpone Vannachith	Chairman	27th April 2023
Mr. Akhom Praserth	Independent member, Vice Chairman	24th April 2024
Mme. Saysamone Chanthachack	Member	22nd November 2022
Mr. Stephane Mangiavacca	Member	29th May 2020
Mr. Pasomphet Khamtanh	Member	3rd August 2021
Assoc.Prof. Mr. Thongphet Chanthanivong	Independent member	3rd August 2021
Mrs. Latdavanh Songvilay	Independent member	3rd August 2021
Mr. Sonexay Silaphet	Independent member	3rd August 2021

1.2.The Profiles of the Board of Directors



Bounpone VANNACHITH
Chairman

Personal Information:

Date of Birth: 14 April 1959
Nationality: Lao
Language: English and Vietnamese
Designation: Vice Minister of Finance

Education Background:

2012: Master's Degree in Economics (Economic Management), National Academy of Political and Public Administration
2010: Bachelor's Degree in Economics (Economic Management), National Academy of Political and Public Administration
1998: Higher Diploma in Economics (Economic Management), National Academy of Political and Public Administration

Professional Experience:

02/04/2021 - present: Deputy Minister of Finance
2016-2021: Vice Chairman of the State Audit Organization
2010-2016: Vice Chairman of National Economy Development Committee, Prime Minister's Office
2005-2010: Vice Governor of Oudomxay Province
1999-2005: Chief of the Provincial Finance Office, Oudomxay Province
1995-1998: Deputy Chief of the Provincial Planning-Cooperation Office, Oudomxay Province
1989-1995: Head of the Finance Office of Meuang Houn District, Oudomxay Province
1985-1988: Deputy Head of the Economic Planning & Finance Office of Meuang Houn District, Oudomxay Province
1984-1985: Head of the Statistical Planning Office of Meuang Houng District, Oudomxay Province
1981-1984: Officer of the Statistical Planning Office of Meuang Houng, Oudomxay Province
1976 -1981: Soldier in the 28th Battalion and the 63th Office.



Akhom PRASERTH

Vice Chairman

Personal Information:

Date of Birth: 03 May 1968
Nationality: Lao
Language: Lao, English
Designation: Independent Director

Education Background:

2002-2005: Doctor of Philosophy in Business Administration, Korea Maritime and Ocean University (KMU), Busan, South Korea.
1994-1996: Bachelor of Business Administration, National Institute of Development Administration (NIDA), Bangkok, Thailand.
1985-1991: Bachelor of Science in Heavy Mechanics, Tashkent Institute of Railway Engineers, Tashkent, Uzbekistan (formerly part of the Soviet Union).

Professional Experience:

July 2024 - Present: Deputy Secretary of the National Assembly
July 2021 - July 2024: Director of Banking Institutions
July 2018 - July 2021: Director of Lao Development Bank
October 2014 - July 2018: Head of Strategic Planning for Financial-Fiscal Development 2021-2025 and Vision 2030
October 2010 - July 2018: Member of the Executive Council, Lao Stock Exchange
August 2010 - July 2018: Head of the Financial Institutions Supervision Unit, Bank of Lao PDR
February 2008 - August 2010: Deputy Head of the Securities Market Founding Committee
February 2007 - February 2008: Deputy Head of the Commercial Banking and Financial Institutions Supervision Division, Bank of Lao PDR
January 2007 - 2009: Head of Strategic Planning for the Development of the Financial-Fiscal Sector of the SPLA 2010-2020
August 2006 - September 2008: Member of the Executive Council of the Lao Development Bank.
August 2005 - February 2006: Head of the Monetary Policy Department, Monetary Policy Division, Bank of Lao PDR.
January 2005 - August 2005: Head of the Foreign Economic Research Department, Economic Research Unit, Bank of Lao PDR.
1997 - 2002: Head of the Internal Economic Research Department, Economic Research Department, Bank of Lao PDR
1992 - 1993: Professional Experience at the Ministry of Commerce, Public Works, and Transport.



Saysamone Chanthachack
Director

Personal Information:
Date of birth: 15/03/1969
Nationality: Lao
Language: Lao, English
Designation: Managing Director of BCEL

Education Background:
Higher Diploma of Politics Course.
2007: International Master of Business Administration, Flinders University, Australia.
1998: Master of Public Policy, Graduate School of Policy Science, Saitama University, Japan.
1993: Master of Economics, Kuban State University, Russia.

Professional Experience:
08/2022–Present : Managing Director, Banque Pour Le Commerce Exterieur Lao Public.
09/2021–08/2022: Chief Executive Officer, Lao Securities Exchange.
2015: Director General, Lao Securities Commission Office, Bank of the Lao PDR.
04/2010: Deputy Director General, Lao Securities Commission Office, Bank of the Lao PDR.
2009: Deputy Director General, Monetary Policy Department, Bank of the Lao PDR.
1993–1997: Officer, Monetary Policy Department, Bank of the Lao PDR.



Stephane MANGIAVACCA
Director

Personal Information:
Date of Birth: 11 July 1975
Nationality: French
Languages: French, English, Spanish, Chinese, and Japanese

Education Background:
1996 – 1999: Ecole Nationale Superieure des Mines de Saint-Etienne,

- Engineering Diploma with honors
- Joined an exchange program in Environmental Engineering, University of New Brunswick in Canada
- Undergraduate and graduate classes in Economics

Professional Experience:
01/2020 – present: Head of International, BRED Banque Populaire, France
2009 – 2010: Chief Risk & Compliance Officer, BRED Banque Populaire, France
2001 – 2009: Executive at Central Audit, Banque Populaire - Natixis - Coface (now BPCE GROUP), France
1999 – 2001: French Trade Commission, French Ministry of Economy and Finance, Guangzhou, China
1999: Intern, EDF, French Company of Electricity, Lyon, France
1998: Intern, The Yokohama Rubber Company, Hiratsuka, Japan
1997: Intern, Pechiney-Aluminium, lssoire, France



Pasomphet Khamtanh
Director

Personal Information:
Date of Birth: 25 May 1970
Nationality: Lao
Languages: English
Designation: Deputy Director General, Department of State-Owned Enterprises Reform and Insurance, Ministry of Finance.

Education Background:
2001-2003: Master's Degree in Economics and Business from Kyung Hee University in South Korea.
1987-1993: Bachelor's Degree in Machinery Management from Technical College, Laos.

Professional Experience:
08/2000-Present: Deputy Director General, Department of State-Owned Enterprises Reform and Insurance, Ministry of Finance.
2016-2020: Deputy Director General of Fiscal Policy and Legal Department, Ministry of Finance.
2013-2016: Chief of External Finance and Debt Management Department Division.
2009-2013: Chief of the Projects Chief of External Finance and Debt Management Department Division.
2007-2008: Deputy Division of Finance Statistics, Fiscal Policy Department, Ministry of Finance.
1998-2007: Staff of Budget Department, Ministry of Finance.
1994-1998: Staff of External Finance Department, Ministry of Finance.



Thongpheth Chanthanivong

Independent Director

Personal Information:

Date of Birth: 20 April 1962

Nationality: Lao

Languages: Lao, English

Designation: Project Manager (Advancing Strategic Management, Leadership and Fundraising in Higher Education in Asia / ASTRA,) Erasmus+

Education Background:

2018-2021: Ph.D. Candidate (Accountancy), 2021, Siprathum University, Thailand.

2019: Received CPA Certificate

1998-2000: International Business Management), at De Mons University in Belgium.

1998-2000: Master in Business Administration at AIT University in Thailand.

1996-1997: Bachelor's Degree in Business Administration, the Co-project between National Politics School and AIT University in Thailand.

1981-1985: Bachelor of Science (Mathematics and

Professional Experience:

2018-2023: Vice-Dean, Faculty of Economics and Business Management (Responsible of Post-Graduate Program), National University of Laos.

2006: Associate Professor in Business Administration (2006).

2018-2024: Chairman of CPA's Curriculum, Lao Chamber of Professional Accountants and Auditors.

2018-2022: Member of Lao Chamber of Professional Accountants and Auditors Board Committees.

2018-2024: Member of Lao Telecom Company's Board Committees.

2023-2024: Member of Lao's Accounting System Improvement (Ministry of Finance)

2018-2024: Teacher of the Master and Bachelor courses of the subjects: Business, Accounting, Finance and Banking, Economics of the National University of Laos.

2020-2024: Guest speakers for the MBA course of Khon Kaen University, Thailand.

2015-2024: Trainer on IFRS and LAS Auditing



Latdavanh Songvilay
Independent Director

Personal Information:
Date of birth: 27/04/1982
Nationality: Lao
Language: English
Position: Director General of Macroeconomic Research Institute (MRI) of Lao Academy of Social and Economic Sciences (LASES)

Education Background:
2008–2009: Master of Public Policy from the National Graduate Institute for Policy Studies (GRIPS), Japan;
2000–2005: Bachelor's degree in Economics, National University of Laos;
2004: Exchange student course, National University of Singapore, Singapore.

Professional Experience:
2020-Present: Acting Director General of Macroeconomic Research Institute of Lao Academy of Social and Economic Sciences

2019–2020: Acting Director General of the Center for Macroeconomic and Economic Restructuring of the National Institute of Economic Research

2016–2019: Deputy Director General of the Center for Macroeconomic and Economic Restructuring of the National Institute of Economic Research

2015–2016: Chief of Division in National Economic Research Institute of the Ministry of Planning and Investment

2011–2015: Deputy Chief of Division in National Economic Research Institute of Ministry of Planning and Investment

2005–2011: Research Assistant at the National Economic Research Institute of the Ministry of Planning and Investment



Sonexay Silaphet
Independent Director

Personal Information:
Date of birth: 01/01/1977
Nationality: Lao
Language: English
Position: President of Lao Chamber of Professional Accountants and Auditors (LCPAA)

Education Background:
2017–2021: Doctor of Philosophy Ph.D. Accountancy, Sripatum University, Thailand;
2013–2014: Master's degree in finance, Santapol Technology College;
1995–2000: Bachelor's degree in business administration, Comcenter College;
1995–1998: Higher diploma in accounting, Pakpasak Technical College;
06/2016: Member of CPA Australia;
2018: Member of LCPAA;
1999–2000: Member of Lao Institute of Chartered Public Accountants (LICPA).

Professional Experience:
05/2022–Present: President of Lao Chamber of Professional Accountants and Auditors (LCPAA)
2015–05/2022: Vice-President of Lao Chamber of Professional Accountants and Auditors (LCPAA)
01/2016–12/2017: Vice President of ASEAN Federation of Accountants (AFA)
01/2014–12/2015: Vice President of ASEAN Federation of Accountants (AFA)
07/2011–09/2014: Director of Ernst & Young Lao Limited
07/2008–06/2011: Senior Audit Manager of Ernst & Young Lao Limited
08/2007–06/2008: Audit Manager of Ernst & Young Lao Limited
05/2004–08/2007: Audit Manager of PricewaterhouseCoopers (Lao) Ltd
2002–05/2004: Experienced Senior Auditor of PricewaterhouseCoopers (Lao) Ltd
2000–2001: Senior Auditor of PricewaterhouseCoopers (Lao) Ltd
1998–1999: Auditor of PricewaterhouseCoopers (Lao) Ltd

2. The Management Team

2.1.The Board of Management

The Board of Management of BCEL, as of 30 September 2024, consists of 7 members as follows:

Name and Surname	Position	Date of Designation
Mme. Saysamone Chanthachack	Managing Director	1st August 2022
Mr. Nanthalath Keopaseuth	Deputy Director	30th September 2014
Mr. Kongasack Souphonesy	Deputy Director	1st May 2021
Mrs. Bouaphayvanh Nandavong	Deputy Director	1st May 2021
Mr. Saychit Simmavong	Deputy Director	1st May 2021
Mrs. Phousengthong Anoulakkham	Deputy Director	1st July 2024
Mr. Nalinh Silavongsith	Deputy Director	1st July 2024

2.2.Biography of the Management Team



Saysamone Chanthachack
Managing Director

Personal Information:
Date of birth: 15/03/1969
Nationality: Lao
Language: Lao, English
Designation: Managing Director of BCEL

Education Background:
Higher Diploma of Politics Course.
2007: International Master of Business Administration, Flinders University, Australia.
1998: Master of Public Policy, Graduate School of Policy Science, Saitama University, Japan.
1993: Master of Economics, Kuban State University, Russia.

Professional Experience:
08/2022–Present : Managing Director, Banque Pour Le Commerce Exterieur Lao Public.
09/2021–08/2022: Chief Executive Officer, Lao Securities Exchange.
2015: Director General, Lao Securities Commission Office, Bank of the Lao PDR.
04/2010: Deputy Director General, Lao Securities Commission Office, Bank of the Lao PDR.
2009: Deputy Director General, Monetary Policy Department, Bank of the Lao PDR.
1993–1997: Officer, Monetary Policy Department, Bank of the Lao PDR.



Nanthalath Keopaseuth

Deputy Managing Director

Personal Information:

Date of birth: 16/08/1978

Nationality: Lao

Language: Lao, English, and Chinese

Designation: Deputy Managing Director of BCEL

Education Background:

2008–2010: Masters's Degree in International Trade Policy from the United States of America.

2005–2006: Certificate in International Trade from Australia,

2004–2004: Enrolled in English Training Course from Vientiane College, Lao PDR

1996–2000: Bachelor's Degree in English, National University of Laos.

Professional Experience:

2014–Present: Deputy Managing Director of BCEL

2012–2014: Chief of Electronic Banking and Card Service Center.

2010–2012: Acting Chief of Electronic Banking and Card Service Center.

2007–2008: Acting Deputy Chief of Electronic Banking and Card Service Center.

2001–2003: Technical staff at International Remittance.

200–2001: Technical staff of Accounting Division.

2000–2001: Technical staff of Operation Center.



Kongsack SOUPHONESY

Deputy Managing Director

Personal Information:

Date of Birth: 12/11/1977
Nationality: Lao
Language: Lao, English
Designation: Deputy Managing Director of BCEL

Education Background:

2021: Master's Degree in Financial Management, National University of Laos **Professional**
2018: A Higher Diploma in Political Theory and Public Administration, Vientiane Capital's School of Politics and Public Administration;

Experience:

2021-Present: Deputy Managing Director of BCEL
03/09/2018: Chief of Internal Audit Division, BCEL Head Office
2016-2018: Attend Political Course at Vientiane Capital Politics and Administration Institution.
27/10/2014: Chief of Luangnamtha Branch
29/04/2013: Chief of Huaphan Branch
12/05/2010: Chief of Huaphan Branch
20/05/2008: Acting Deputy Chief of Huaphan Branch
13/12/2007: Chief of Credit Section of Oudomxay Branch
2005-2007: Acting Chief of Credit Section of Oudomxay Branch
26/05/2000: Staff of BCEL's Oudomxay Branch



Bouaphayvanh Nandavong

Deputy Managing Director

Personal Information:

Date of Birth : 26/11/1971
Nationality : Lao
Language : Lao, English
Designation : Deputy Managing Director of BCEL

Education Background:

2014 : Master Degree in Economy Management from National Politics and Administration Institution

Professional Experience:

2021-Present : Deputy Managing Director of BCEL

1/1/2019-2021 : Chief of Human Resources Division

2018-2019 : Acting Chief of Human Resources Division

2015-2018 : Deputy Chief of Human Resources Division

2013-2015 : Deputy Chief of Vientiane Branch

2011-2013 : Deputy Chief of Human Resources Division

1997-2009 : Staff of Human Resources Division, Head Office

1994-1997 : Staff of Admin-Finance Division

1993-1994 : Staff of BCEL's Morning Market Service Unit



Saychit Simmavong

Deputy Managing Director

Personal Information:

Date of Birth : 11/02/1972
Nationality : Lao
Language : Lao, Englis, French
Designation : Deputy Managing Director of BCEL

Education Background:

2014: Master's Degree in Economy Management from the National Politics and Administration Institution.

Professional Experience:

2021-Present : Deputy Managing Director of BCEL
08/01/2018 : Chief of Administration and Finance Division
27/10/2014 : Acting Chief of Administration and Finance Division
2013-2014 : Deputy Chief of Administration and Finance Division
2007-2013 : Chief of General Administration Section, Administration and Finance Division
2000-2006 : Chief of Cheque Collection Unit, Treasury and International Service Division
1999-2000 : Chief of Sihom joint Money Exchange Unit, Service Center
1988-1999 : Chief of Money Exchange Unit at Friendship Bridge, Service Center
10/09/1995 : Staff of BCEL Head Office



Phousengthong ANOULAKKHAM

Deputy Managing Director

Personal Information:

Date of Birth: 28/07/1974
Nationality: Lao
Language: Lao, English
Designation: Deputy Managing Director of BCEL

Education Background:

Master of Accounting and Finance, National University of Laos

Experience:

7/2024 – Present: Deputy Managing Director of BCEL
6/2023 – 6/2024: Chief of Administration and Finance Division
8/2018 – 6/2023: Chief of Accounting Division
7/2015 – 8/2018: Chief of Internal Audit Division
9/2010 – 7/2015: Deputy Chief of Card Center
2009 – 8/2010: Deputy Chief of IT Center
7/2006 - 2009: Acting Deputy Chief of IT Center
7/2003 – 7/2006: Staff of BCEL Accounting Division
2/2002 – 7/2003: Staff of BCEL Deposits Division
11/1998 – 2/2002: Staff of BCEL Internal Audit Division
9/1996 – 11/1998: Staff of BCEL Deposits Division
2/1995 – 9/1996: Staff of BCEL Accounting Division.



Nalinh SILAVONGSITH

Deputy Managing Director

Personal Information:

Date of Birth: 20/06/1969
Nationality: Lao
Language: Lao, English, Japanese
Designation: Deputy Managing Director of BCEL

Education Background:

Master of Business Administration, Waseda University (Japan).

Experience:

7/2024 – Present: Deputy Managing Director of BCEL
7/2023 – 6/2024: Deputy Director General of Banking Services Department, Bank of Lao PDR

8/2022 – 7/2023: Deputy Director, Credit Information Company, Bank of Lao PDR
5/2021 – 8/2022: Deputy Managing Director of BCEL
2017 - 2021: Deputy Director of Lao Development Bank
2014 - 2017: Director, Lanexang Security Company Limited
2014: Position at Lao Development Bank, Head Office
2012 - 2014: Head of Dongdok Branch
2008 - 2012: Head of Credit Administration Division
2006 - 2008: Acting Head of Credit Management Department
1999 - 2003: Head of Services Division, Laos-Viet Bank
1997 - 1999: Head of Morning Market Service Unit
1992 - 1997: Staff of BCEL Head Office.

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

3.1. The meetings of the Board of Directors

During the 3rd quarter of the year 2024, the Board of Directors convened for a total of five meetings, 2 ordinary meetings and 3 extraordinary meetings. Additionally, the Board approved some important documents through a circular letters. The following significant issues were approved:

- Acknowledged the BCEL's performance reports of each period;
- Acknowledged the report of operation of risk management, Internal Audit and the progress report of the Basel-2 projects for the 2rd quarter of the year 2024;
- Approved the 6 months financial report of the year 2024, as reviewed by an independent auditor;
- Approved in principle the plan to sell a piece of land belonging to BCEL asset;
- Approved the revision of the policy for BCEL employees, effective from October 2024;
- Approved significant matters concerning the Vice president of the BCEL's board directors;
- Approved the principles of the accounting practices for the data center construction project of BCEL;
- Approved the principles for upgrading the Xaysomboun service unit to a branch;
- Approved the principles for conducting a feasibility study on the acquisition of land from the Ministry of Finance;
- Endorsed the revision of the regulations on the appointment of positions within BCEL;
- Approved the appointments and repositions of a number of personnel;
- Acknowledged the report on the debt resolution for one corporate customer which is subject to the right of consideration of the Board of Directors;
- Endorsed the principles regarding the amendment of the loan agreement of a the corporate customer;
- Approved changes to the terms and conditions of the loan agreements for 2 corporate customers;
- Approved in principle regarding the monthly report of credit figures for 09/2024;
- Approved a number of loan proposals that are subject to consideration of the Board of Directors.

3.2. Risk Management Committee

The committee has concentrated its efforts on providing guidance regarding the research and development of BCEL's risk management procedures and policies. Additionally, the committee has actively considered and adopted relevant policies and regulations pertaining to risk management, while also overseeing the ongoing implementation of the Basel II project by BCEL, which has been in progress since 2018. The committee convened its meetings regularly, in accordance with established rules and regulations. During the third quarter of 2024, the committee considered the risk management report of BCEL for 2nd quarter 2024 and the report on the implementation of the Basel II project for 2nd quarter 2024.

3.3. Nomination & Remuneration Committee

The committee has focused on researching and evaluating personnel goals aimed at enhancing the effectiveness of the Board of Directors of BCEL over time. Additionally, it has monitored the performance of salaries and remuneration for BCEL employees and executives at all levels, in accordance with established policies designed to protect the interests of BCEL and its shareholders.

Furthermore, the committee has examined various regulations to facilitate the presentation for approvals to the Board of Directors in accordance with procedural requirements. During the three-month period of the third quarter of 2024, the committee approved the appointment and repositions of several positions across departments, centers, and branches. The committee also approved revisions to employee policies and amendments to regulations concerning appointments within BCEL.

3.4. Corporate Governance Committee

The Executive Management Committee has paid close attention to the ongoing monitoring and encouragement of BCEL's business performance, particularly regarding credit expansion, non-performing loan (NPL) resolution, and capital management. Additionally, the committee has overseen the implementation of business results, annual operational plans, long-term strategic plans, and various programs and projects, while closely monitoring administrative functions and personnel development at BCEL. During the three-month period of the third quarter of 2024, the committee convened the meeting in accordance with regulations, during which they considered the business performance report of 6 months 2024 in accordance with the Lao Accounting Standard.

3.5. Audit Committee

The Audit Committee has focused on supervising the internal audit activities of BCEL and establishing internal audit policies. This includes considering the appointment of independent auditors and coordinating with external auditors, as well as management from each department and relevant government agencies. The committee has also concentrated on researching and guiding BCEL in addressing auditor findings and recommendations to enhance operational effectiveness.

Furthermore, the committee encourages BCEL to adhere to established accounting principles and ensure that activities comply with set rules and regulations. Regular monitoring of information disclosure practices has been conducted to ensure compliance with the established information disclosure regulations.

The committee held its meetings regularly, in accordance with the cycle defined in BCEL's regulations. During the three-month period of the third quarter of 2024, the committee convened and approved some important items, including:

- Approval of the financial statements for the first six months of 2024, which were reviewed by the independent auditors from EY in order to submit to the Board of Directors for final approval
- Acknowledgment of the periodical report on the internal audit and accounting activities of BCEL.

V. Corporate Social Responsibility

❖ Corporate Social Responsibility

In addition to conducting business and fulfilling other responsibilities, the board of directors and employees of BCEL have dedicated their efforts to contributing to and participating in the Corporate Social Responsibility (CSR) project, which is one of the core values of BCEL, as detailed below:

BCEL leverages its technological capabilities and modern innovations in the development of products that serve society. One such initiative is BCEL One Heart, a platform designed to facilitate donations for social assistance. This tool simplifies the donation process for both those in need and those willing to contribute. During the first nine months of 2024, BCEL One Heart enabled 14,015 individuals to donate, resulting in a total contribution of 2,981 million kip.

Furthermore, BCEL has actively encouraged and supported societal welfare through various initiatives, including sponsoring education and sports, health programs, assisting victims of natural disasters, and promoting significant national holidays. During the same nine-month period in 2024, BCEL donated cash, materials, and equipments, totaling 90 items with an overall value of 1,701 million kip.

Managing Director

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

Saysamone CHANTHACHACK

ທະນາຄານການຄ້າຕ່າງປະເທດລາວ ມະຫາຊົນ

BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC

Special purpose interim financial statements

as at and for the three-month period of quarter III ended 30 September 2024

Banque Pour Le Commerce Exterieur Lao Public

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Banque Pour Le Commerce Exterieur Lao Public

GENERAL INFORMATION

THE BANK

Banque Pour Le Commerce Exterieur Lao Public (herein referred to as "the Bank") is a joint-stock bank incorporated and registered in the Lao People's Democratic Republic ("Lao PDR").

Establishment and Operations

The Bank was established from the equitization of Banque Pour Le Commerce Exterieur Lao which had been established in accordance with the Banking Business License No. 129/BOL dated 01 November 1989. On 23 December 2010, the Bank successfully undertook its Initial Public Offering. On 10 January 2011, the Bank was equitized and renamed into Banque Pour Le Commerce Exterieur Lao Public under the Operating License No. 0061/LRO dated 10 January 2011 issued by the Business License Registration Office of the Lao PDR. At that date, the Government, represented by the MOF, was the largest shareholder with 80% shareholding.

On 15 July 2011, the MOF sold 10% of the total ordinary shares (equivalent to 13,657,759 shares) to its strategic partner named Compagnie Financière de la BRED ("COFIBRED") in accordance with the Ordinary Shares Purchase Agreement between the Ministry of Finance and COFIBRED. COFIBRED is a subsidiary of BRED, the biggest regional banking society in the Banque Populare Group - a French group of cooperative banks. The total purchased price of LAK 150,235,349,000 has been paid fully by COFIBRED.

On 17 August 2017, Lao Securities Commission Office approved the Bank to recapitalize by both Rights offering (which resulted in 68.047.300 shares) and Public offering (which resulted in 3,098,400 shares) in Lao Securities Exchange in order to increase its charter capital. The Bank received the new Banking Business License No. 21/BOL, dated 13 September 2017 issued by the Bank of the Lao PDR. On 15 September 2017, Lao Securities Exchange certified that the Bank successfully increased its charter capital by an amount of LAK 355,728,500,000 (equivalent to 71,145,700 shares) in accordance with Listing Certificate No. 01/LSX, dated 15 September 2017 and its latest amended Business License No. 0429/ERO dated 18 May 2018 issued by Ministry of Industry and Commerce.

On 11 October 2019, Lao Securities Commission Office approved the Bank to recapitalized by both Rights offering and Public offering. The purpose of the government share divestment is to support more diverse shareholders to develop the Bank on the business expansion and sustainability. On 29 November 2019, Lao Securities Commission Office certified the Bank successfully offered 10% of the Bank's shares.

The shareholding structure of the Bank as at 30 September 2024 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 principal activities of the Bank are to provide banking services including mobilizing and receiving short-term, medium-term, and long-term deposits from organizations and individuals; making short-term, medium-term, and long-term loans to organizations and individuals based on the nature and capability of the Bank's sources of capital; foreign exchange transactions, international trade financial services, discounting of commercial papers, bonds and other valuable papers, and providing other banking services allowed by Bank of the Lao PDR.

Charter Capital

The charter capital as at 30 September 2024 is LAKm 1,038,617 (31 December 2023: LAKm 1,038,617).

GENERAL INFORMATION (continued)

THE BANK (continued)

Location and Network

The Bank's Head Office is located at No. 01, Pangkham Street, Ban Xiengnheun, Chanthabouly District, Vientiane Capital, Lao PDR. As at 30 September 2024, the Bank has one (01) Head Office, six (6) associates and joint ventures, twenty (20) main branches, one hundred and one (101) services units, and twelve (12) exchange units all over Lao PDR.

Investments in associates and joint ventures

As at 30 September 2024, the Bank has six (06) associates and joint ventures as follows:

Name	*Established in accordance with Business License No.*	*Business Sector*	*% owned by the Bank*
BCEL – Krung Thai Securities Company Limited	1079/ERO issued by the Ministry of Industry and Commerce on 10 July 2019	Securities	70%
Lao Viet Joint Venture Bank	732/ERO dated 29 August 2016 by the Ministry of Industry and Commerce	Banking & Finance	25%
Banque Franco - Lao Limited	0495/ERO dated 7 June 2018 by the Ministry of Industry and Commence	Banking & Finance	30%
Lao-Viet Insurance Joint Venture Company	0600 dated 16 August 2013 by the Ministry of Industry and Commence	Insurance	35%
Lao China Bank Company Limited	041/ERM dated 27 January 2014 by the Department of Enterprise Register and Management of Lao PDR	Banking & Finance	39.87%
Lao National Payment Network Company Limited	0349/ERO granted by the Department of Enterprise Registration and Management of the Ministry of Industry and Commerce of the Lao PDR on 12 March 2019	Settlement transaction management (Electronic)	20%

BOARD OF DIRECTORS

Members of the Board of Directors during the nine-month period ended 30 September 2024 and at the date of this report are as follows:

Name	*Title*	*Date of appointment/resignation*
Mr. Bounpone Vannachit	Chairman	Appointed on 27 April 2023
Dr. Arkhomn Prasert	Vice Chairman	Appointed on 29 April 2024
Mr. Khamsouk Sundara	Vice Chairman	Reappointed on 27 April 2023 Resigned on 29 April 2024
Mr. Pasomphet Khamtanh	Member	Appointed on 29 October 2021
Mr. Stéphane Mangiavacca	Member	Appointed on 29 May 2020
Mrs. Saysamone Chanthachack	Member	Appointed on 22 November 2022
Assoc.Prof.Thongphet Chanthanivong	Member	Appointed on 29 October 2021
Mrs. Latdavanh Songvilay	Member	Appointed on 29 October 2021
Mr. Sonexay Silaphet	Member	Appointed on 29 October 2021
Mr. Viengsouk Chounthavong	Member	Appointed on 27 April 2018 Resigned on 30 March 2024

MANAGEMENT

Members of the Management during the nine-month period ended 30 September 2024 and at the date of this report are as follows:

Name	*Title*	*Date of appointment/resignation*
Mrs. Saysamone Chanthachack	Managing Director	Appointed on 2 August 2022
Mr. Nanthalath Keopaseuth	Deputy Managing Director	Appointed on 30 September 2014
Mr. Kongsack Souphonesy	Deputy Managing Director	Appointed on 1 May 2021
Mr. Viengsouk Chounthavong	Deputy Managing Director	Appointed on 18 February 2019 Resigned on 30 March 2024
Mrs. Bouaphayvanh Nandavong	Deputy Managing Director	Appointed on 1 May 2021
Mr. Saychit Simmavong	Deputy Managing Director	Appointed on 1 May 2021
Mrs. Phousengthong Anoulakkham	Deputy Managing Director	Appointed on 1 July 2024
Mr. Nalinh Silavongsith	Deputy Managing Director	Appointed on 1 July 2024

LEGAL REPRESENTATIVE

The legal representative of the Bank during the period and as at the date of this report is Mrs. Saysamone Chanthachack – Managing Director.

Banque Pour Le Commerce Exterieur Lao Public

SPECIAL PURPOSE INTERIM INCOME STATEMENT
for the three-month period of quarter III ended 30 September 2024

	Notes	*For the three-month period of quarter III ended 30 September 2024 LAKm*	*For the three-month period of quarter III ended 30 September 2023 LAKm*
Interest and similar income	6	1,514,336	1,076,987
Interest and similar expense	6	(700,636)	(583,798)
Net interest and similar income	**6**	**813,700**	**493,189**
Fee and commission income	7	289,494	177,412
Fee and commission expense	7	(56,238)	(32,971)
Net fee and commission income	**7**	**233,257**	**144,441**
Net gain from dealing in foreign currencies	8	17,285	85,375
Other operating income	9	58,770	24,326
Operating income		**1,123,012**	**747,331**
Credit loss expense of loans to customers	16	(771,154)	(516,555)
Additional of impairment losses of financial investments	10	(6,744)	383
NET OPERATING INCOME		**345,114**	**231,159**
Personnel expenses	11	(104,519)	(83,504)
Depreciation and amortization		(26,477)	(22,852)
Depreciation of right-of-use assets		(4,125)	(2,068)
Other operating expenses	12	(78,326)	(52,232)
TOTAL OPERATING EXPENSES		**(213,447)**	**(160,656)**
Share of profit and loss from investment in associates and joint ventures		20,052	15,419
PROFIT BEFORE TAX		**151,719**	**85,922**
Current profit tax expense		(49,100)	(320)
Deferred profit tax (expense)/income		41,221	14,921
NET PROFIT FOR THE PERIOD		**143,840**	**100,523**
Earnings per share (LAK)		**692**	**484**

Prepared by:

Ms. Phetsamay Xayamoungkhoun
Deputy Chief of Accounting Department

Approved by:

Mr. Hinphet Chanthalangsy
Chief of Internal Audit Department

Approved by:

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

Mrs. Phousengthong Anoulakkham
Deputy Managing Director

Vientiane, Lao PDR

07 November 2024

Banque Pour Le Commerce Exterieur Lao Public

SPECIAL PURPOSE INTERIM STATEMENT OF COMPREHENSIVE INCOME
for the three-month period of quarter III ended 30 September 2024

	For the three-month period of quarter III ended 30 September 2024	*For the three-month period of quarter III ended 30 September 2023*
	LAKm	*LAKm*
OTHER COMPREHENSIVE INCOME		
Remeasurement loss on defined benefit plan	1,422	1,513
Profit tax related to components of other comprehensive income	(284)	(302)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**1,138**	**1,211**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**144,977**	**101,734**

Prepared by:

Ms. Phetsamay Xayamoungkhoun
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Chief of Internal Audit Department

Approved by:

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

Mrs. Phousengthong Anoulakkham
Deputy Managing Director

Vientiane, Lao PDR

07 November 2024

Banque Pour Le Commerce Exterieur Lao

SPECIAL PURPOSE INTERIM INCOME STATEMENT
for the nine-month period ended 30 September 2024

	Notes	*For the nine-month period ended 30 September 2024 LAKm*	*For the nine-month period ended 30 September 2023 LAKm*
Interest and similar income		4,257,129	3,014,505
Interest and similar expense		(1,993,381)	(1,644,855)
Net interest and similar income		**2,263,748**	**1,369,650**
Fee and commission income		1,462,761	487,067
Fee and commission expense		(801,914)	(125,336)
Net fee and commission income		**660,847**	**361,731**
Net gain from dealing in foreign currencies		150,082	298,905
Other operating income		473,389	208,813
Operating income		**3,548,067**	**2,239,099**
Credit loss expense of loans to customers		(2,522,676)	(1,555,840)
Additional of impairment losses of financial investments		(17,865)	(1,918)
NET OPERATING INCOME		**1,007,526**	**681,341**
Personnel expenses		(311,752)	(245,359)
Depreciation and amortization	20.2, 21	(75,433)	(70,427)
Depreciation of right-of-use assets	22	(9,204)	(6,391)
Other operating expenses		(221,158)	(166,100)
TOTAL OPERATING EXPENSES		**(617,547)**	**(488,277)**
Share of profit and loss from investment in associates and joint ventures	19	54,738	35,552
PROFIT BEFORE TAX		**444,716**	**228,616**
Current profit tax expense	27.1	(105,954)	(22,818)
Deferred profit tax (expense)/income	27.4	30,012	(3,253)
NET PROFIT FOR THE PERIOD		**368,774**	**202,545**
Earnings per share (LAK)	**34**	**1,775**	**975**

Prepared by:

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

Mrs. Phousengthong Anoulakkham
Deputy Managing Director

Vientiane, Lao PDR

07 November 2024

Banque Pour Le Commerce Exterieur Lao Public

SPECIAL PURPOSE INTERIM STATEMENT OF COMPREHENSIVE INCOME
for the nine-month period ended 30 September 2024

	Notes	*For the nine-month period ended 30 September 2024* LAKm	*For the nine-month period ended 30 September 2023* LAKm
OTHER COMPREHENSIVE INCOME			
Remeasurement loss on defined benefit plan		(9,846)	20,091
Profit tax related to components of other comprehensive income	27.4	1,969	(4,018)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**(7,877)**	**16,073**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**360,897**	**218,618**

Prepared by:

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BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC
VIENTIANE CAPITAL

Mrs. Phousengthong Anoulakkham
Deputy Managing Director

Vientiane, Lao PDR

07 November 2024

Banque Pour Le Commerce Exterieur Lao

SPECIAL PURPOSE INTERIM STATEMENT OF FINANCIAL POSITION
as at 30 September 2024

	Notes	*30 September 2024 LAKm*	*31 December 2023 LAKm*
ASSETS			
Cash and balances with the Bank of Lao PDR	13	33,816,126	31,684,143
Due from banks	14	23,745,413	21,964,355
Loans to customers	15	55,701,169	53,892,356
Financial investments - Available-for-sale	17	69,414	87,822
Financial investments - Held-to-maturity	18	22,742,263	15,098,095
Investments in associates and joint ventures	19	799,567	747,223
Construction in progress	20.1	177,582	171,204
Property and equipment	20.2	466,156	396,900
Intangible assets	21	319,484	321,734
Right-of-use assets	22	60,574	53,500
Deferred tax assets	27.4	179,092	102,813
Other assets	23	1,894,687	1,913,614
TOTAL ASSETS		**139,971,526**	**126,433,759**
LIABILITIES			
Due to banks and other financial institutions	24	8,953,002	9,463,117
Due to customers	25	122,580,430	109,471,717
Borrowings from other banks	26	4,500,765	4,378,394
Current tax liabilities	27.2	152,244	80,461
Lease liabilities	22	34,941	29,285
Deferred tax liabilities	27.4	44,297	-
Other liabilities	28	829,604	433,121
TOTAL LIABILITIES		**137,095,282**	**123,856,095**
EQUITY			
Charter capital	29	1,038,617	1,038,617
Statutory reserves and other reserves	30	1,154,828	911,701
Remeasurement of post-employment benefit reserve		10,230	18,107
Retained earnings		672,569	609,239
TOTAL EQUITY		**2,876,244**	**2,577,664**
TOTAL LIABILITIES AND EQUITY		**139,971,526**	**126,433,759**

Prepared by:

Ms. Phetsamay Xayamoungkhoun
Deputy Chief of Accounting Department

Approved by:

Mr. Hinphet Chanthalangsy
Chief of Internal Audit Department

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BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC
VIENTIANE

Mrs. Phousengthong Anoulakkham
Deputy Managing Director

Vientiane, Lao PDR

07 November 2024

Banque Pour Le Commerce Exterieur Lao

SPECIAL PURPOSE INTERIM STATEMENT OF CHANGES IN EQUITY
for the three-month period of quarter III ended 30 September 2024

	Charter capital LAKm	*Statutory reserves and other reserves LAKm*	*Remeasurement of post-employment benefit reserve LAKm*	*Retained earnings LAKm*	*Total LAKm*
Balance as at 01 July 2024					
Net profit for the period	**1,038,617**	**1,154,828**	**9,092**	**528,729**	**2,731,266**
Appropriation to reserve for the year 2023	-	-	-	143,840	143,840
Remeasurement of post-employment benefit reserve	-	-	1,422	-	1,422
Profit tax related to components of other comprehensive income	-	-	(284)	-	(284)
Balances as at 30 September 2024	**1,038,617**	**1,154,828**	**10,230**	**672,569**	**2,876,244**

Prepared by:

Ms. Phetsamay Xayamoungkhoun
Deputy Chief of Accounting Department

Approved by:

Mr. Hinphet Chanthalangsy
Chief of Internal Audit Department

Approved by:

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

Mrs. Phousengthong Anoulakkham
Deputy Managing Director

Vientiane, Lao PDR

07 November 2024

Banque Pour Le Commerce Exterieur Lao Public

SPECIAL PURPOSE INTERIM STATEMENT OF CHANGES IN EQUITY
for the nine-month period ended 30 September 2024

	Charter capital LAKm	*Statutory reserves and other reserves LAKm*	*Remeasurement of post-employment benefit reserve LAKm*	*Retained earnings LAKm*	*Total LAKm*
Balance as at 31 December 2023	**1,038,617**	**911,701**	**18,107**	**609,239**	**2,577,664**
Net profit for the period	-	-	-	368,774	368,774
Appropriation to reserve for the year 2023	-	243,127	-	(243,127)	-
Appropriation for dividend paid out to shareholders for the year 2023	-	-	-	(62,317)	(62,317)
Remeasurement of post-employment benefit reserve	-	-	(9,846)	-	(9,846)
Profit tax related to components of other comprehensive income	-	-	1,969	-	1,969
Balances as at 30 September 2024	**1,038,617**	**1,154,828**	**10,230**	**672,569**	**2,876,244**

Prepared by:

Ms. Phetsamay Xayamoungkhoun
Deputy Chief of Accounting Department

Approved by:

Mr. Hinphet Chanthalangsy
Chief of Internal Audit Department

Approved by:

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

Mrs. Phousengthong Anoulakkham
Deputy Managing Director

Vientiane, Lao PDR

07 November 2024

Banque Pour Le Commerce Exterieur Lao Public

SPECIAL PURPOSE INTERIM STATEMENT OF CASH FLOWS
for the three-month period of quarter III ended 30 September 2024

	For the three-month period of quarter III ended 30 September 2024	*For the three-month period of quarter III ended 30 September 2023*
OPERATING ACTIVITIES	*LAKm*	*LAKm*
Profit before tax		
Adjustments for:	**151,719**	**85,922**
Depreciation and amortization charges	26,477	22,854
Depreciation of right-of-use assets	4,125	2,068
Expense for impairment losses	771,154	516,555
Changes in provision for impairment loss on investment securities	7,287	(384)
Share of associates and joint venture's profit under equity method	(20,052)	(15,419)
Defined post-employment benefit expense	(1,422)	(3,954)
Loss on disposal/written-off	-	143
Unrealize loss on exchange rate	-	288,481
Interest income	(1,514,336)	(1,076,987)
Interest expense	700,636	583,798
Cash flows from operating profit before changing in operating assets and liabilities	**125,587**	**403,077**
Changes in operating assets		
Net change in balances with other banks	(3,991,586)	(801,146)
Net change in loans to customers	184,000	(6,548,773)
Net change in other assets	(1,346,476)	(212,544)
Changes in operating liabilities		
Net change in due to other banks	(2,777,930)	1,450,208
Net change in due to customers	(1,857,387)	3,070,618
Net change in other liabilities	1,231,762	173,535
Cash generated from/(used in) operations		
Interest received	1,354,718	853,002
Interest paid	(684,682)	(450,782)
Tax paid during the period	(38,000)	(21,606)
Net cash flows from operating activities	**(7,799,992)**	**(2,084,412)**
INVESTING ACTIVITIES		
Purchase and construction in progress and tangible assets	(132,950)	(20,895)
Purchase of right of use	(9,021)	(6,682)
Dividends received from associates and joint ventures	-	3,905
Payment for joint venture investment	(1,332)	-
Payment from investment in securities HTM	(323,801)	(4,532,745)
Proceed from investment in securities HTM	5,123,490	223,000
Net cash flows (used in)/from investing activities	**4,656,386**	**(4,333,418)**

Banque Pour Le Commerce Exterieur Lao Public

SPECIAL PURPOSE INTERIM STATEMENT OF CASH FLOWS
for the three-month period of quarter III ended 30 September 2024

	For the three-month period of quarter III ended 30 September 2024 LAKm	*For the three-month period of quarter III ended 30 September 2023 LAKm*
FINANCING ACTIVITIES		
Proceed on borrowing	-	21,001
Payment on lease payment	(282)	(8,705)
Net cash flows used in financing activities	**(282)**	**12,295**
Net change in cash and cash equivalents	**(3,143,888)**	**(6,405,535)**
Cash and cash equivalents at the beginning of the period	**-**	**-**
Cash and cash equivalents at the end of the period	**(3,143,888)**	**(6,405,535)**

Prepared by:

Ms. Phetsamay Xayamoungkhoun
Deputy Chief of Accounting Department

Approved by:

Mr. Hinphet Chanthalangsy
Chief of Internal Audit Department

Approved by:

BANK OF THE LAO PDR
BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC
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Mrs. Phousengthong Anoulakkham
Deputy Managing Director

Vientiane, Lao PDR

07 November 2024

Banque Pour Le Commerce Exterieur Lao Public

SPECIAL PURPOSE INTERIM STATEMENT OF CASH FLOWS
for the nine-month period ended 30 September 2024

OPERATING ACTIVITIES	*Notes*	*For the nine-month period ended 30 September 2024 LAKm*	*For the nine-month period ended 30 September 2023 LAKm*
Profit before tax		**444,716**	**228,616**
Adjustments for:			
Depreciation and amortization charges		75,433	70,429
Depreciation of right-of-use assets		9,204	6,391
Expense for impairment losses		2,522,676	1,555,840
Changes in provision for impairment loss on investment securities		18,408	1,918
Share of associates and joint venture's profit under equity method		(54,738)	(35,552)
Defined post-employment benefit expense		9,846	14,935
Unrealize loss on exchange rate		2,491	714,197
Loss on disposal/write off		-	4,016
Interest income		(4,257,129)	(3,014,505)
Interest expense		1,993,381	1,644,855
Dividend income		-	(1,918)
Cash flows from operating profit before changing in operating assets and liabilities		**764,288**	**1,189,221**
Changes in operating assets			
Net change in balances with other banks		(6,126,273)	(5,917,313)
Net change in loans to customers		(2,074,364)	(15,614,814)
Net change in other assets		(2,924,055)	(979,309)
Changes in operating liabilities			
Net change in due to other banks		(712,708)	3,150,064
Net change in due to customers		11,864,032	17,918,646
Net change in other liabilities		2,722,490	172,203
Cash generated from/(used in) operations			
Interest received		3,263,032	6,219,581
Interest paid		(1,960,582)	(1,782,604)
Tax paid during the period		(46,863)	(27,326)
Net cash flows from operating activities		**4,768,997**	**4,328,349**
INVESTING ACTIVITIES			
Purchase and construction in progress and tangible assets		(292,977)	(41,103)
Purchase of intangible asset		-	(979)
Purchase of right of use		(16,278)	(13,498)
Dividends received from associates and joint ventures		3,726	8,251
Dividends received from from investment		-	1,918
Payment for joint venture investment		(1,332)	-
Payment from investment in securities HTM		(12,491,165)	(5,526,745)
Proceed from investment in securities HTM		5,303,545	1,501,001
Net cash flows (used in)/from investing activities		**(7,494,482)**	**(4,071,157)**

SPECIAL PURPOSE INTERIM STATEMENT OF CASH FLOWS (continued)
for the nine-month period ended 30 September 2024

	Notes	*For the nine-month period ended 30 September 2024 LAKm*	*For the nine-month period ended 30 September 2023 LAKm*
FINANCING ACTIVITIES			
Proceed on borrowing		48,820	28,501
Payment on lease payment		(6,923)	(16,212)
Payment of dividends		(62,317)	(20,772)
Net cash flows used in financing activities		**(20,419)**	**(8,484)**
Net change in cash and cash equivalents		**(2,745,904)**	**248,707**
Cash and cash equivalents at the beginning of the period		**37,593,145**	**35,715,071**
Cash and cash equivalents at the end of the period	**31**	**34,847,241**	**35,963,778**

Prepared by:

Ms. Phetsamay Xayamoungkhoun
Deputy Chief of Accounting Department

Approved by:

Mr. Hinphet Chanthalangsy
Chief of Internal Audit Department

Approved by:

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

Mrs. Phousengthong Anoulakkham
Deputy Managing Director

Vientiane, Lao PDR

07 November 2024

1. CORPORATE INFORMATION

Banque Pour Le Commerce Exterieur Lao Public ("the Bank") is a joint-stock bank incorporated and registered in the Lao People's Democratic Republic ("Lao PDR").

Establishment and Operations

The Bank was established from the equitization of Banque Pour Le Commerce Exterieur Lao which had been established in accordance with the Banking Business License No. 129/BOL dated 01 November 1989. On 23 December 2010, the Bank successfully undertook its Initial Public Offering. On 10 January 2011, the Bank was equitized and renamed into Banque Pour Le Commerce Exterieur Lao Public under the Operating License No. 0061/LRO dated 10 January 2011 issued by the Business License Registration Office of the Lao PDR. At that date, the Government, represented by the MOF, was the largest shareholder with 80% shareholding.

On 15 July 2011, the MOF sold 10% of the total ordinary shares (equivalent to 13,657,759 shares) to its strategic partner named Compagnie Financière de la BRED ("COFIBRED") in accordance with the Ordinary Shares Purchase Agreement between the Ministry of Finance and COFIBRED. COFIBRED is a subsidiary of BRED, the biggest regional banking society in the Banque Populare Group - a French group of cooperative banks. The total purchase price of LAK 150,235,349,000 has been paid fully by COFIBRED.

On 17 August 2017, Lao Securities Commission Office approved the Bank to recapitalize by both Rights offering (which resulted in 68,047,300 shares) and Public offering (which resulted in 3,098,400 shares) in Lao Securities Exchange in order to increase its charter capital. The Bank received the new Banking Business License No. 21/BOL, dated 13 September 2017 issued by Bank of the Lao PDR. On 15 September 2017, Lao Securities Exchange certified that the Bank successfully increased its charter capital by an amount of LAK 355,728,500,000 (equivalent to 71,145,700 shares) in accordance with Listing Certificate No. 01/LSX, dated 15 September 2017 and its latest amended Business License No. 0429/ERO dated 18 May 2018 issued by Ministry of Industry and Commerce.

On 11 October 2019, Lao Securities Commission Office approved the Bank to recapitalized by both Rights offering and Public offering. The purpose of the government share divestment is to support more diverse shareholders to develop the Bank on the business expansion and sustainability. On 29 November 2019, Lao Securities Commission Office certified the Bank successfully offered 10% of the Bank's shares.

The shareholding structure of the Bank as at 30 September 2024 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 principal activities of the Bank are to provide banking services including mobilizing and receiving short-term, medium-term, and long-term deposits from organizations and individuals; making short-term, medium-term, and long-term loans to organizations and individuals based on the nature and capability of the Bank's sources of capital; foreign exchange transactions, international trade financial services, discounting of commercial papers, bonds and other valuable papers, and providing other banking services allowed by Bank of the Lao PDR.

1. CORPORATE INFORMATION (continued)

Charter Capital

The charter capital as at 30 September 2024 is LAKm 1,038,617 (31 December 2023: LAKm 1,038,617)

Location and Network

The Bank's Head Office is located at No. 01, Pangkham Street, Ban Xiengnheun, Chanthabouly District, Vientiane Capital, Lao PDR. As at 30 September 2024, the Bank has one (01) Head Office, six (6) associates and joint ventures, twenty (20) main branches, one hundred and one (101) services units, and twelve (12) exchange units all over Lao PDR.

Board of Directors

Members of the Board of Directors during the nine-month period ended 30 September 2024 and at the date of this report are as follows:

Name	*Title*	*Date of appointment/resignation*
Mr. Bounpone Vannachit	Chairman	Appointed on 27 April 2023
Dr. Arkhomn Prasert	Vice Chairman	Appointed on 29 April 2024
Mr. Khamsouk Sundara	Vice Chairman	Reappointed on 27 April 2023 Resigned on 29 April 2024
Mr. Pasomphet Khamtanh	Member	Appointed on 29 October 2021
Mr. Stéphane Mangiavacca	Member	Appointed on 29 May 2020
Mrs. Saysamone Chanthachack	Member	Appointed on 22 November 2022
Assoc.Prof.Thongphet Chanthanivong	Member	Appointed on 29 October 2021
Mrs. Latdavanh Songvilay	Member	Appointed on 29 October 2021
Mr. Sonexay Silaphet	Member	Appointed on 29 October 2021
Mr. Viengsouk Chounthavong	Member	Appointed on 27 April 2018 Resigned on 30 March 2024

Management

Members of the Management during the nine-month period ended 30 September 2024 and at the date of this report are as follows:

Name	*Title*	*Date of appointment/resignation*
Mrs. Saysamone Chanthachack	Managing Director	Appointed on 2 August 2022
Mr. Nanthalath Keopaseuth	Deputy Managing Director	Appointed on 30 September 2014
Mr. Kongsack Souphonesy	Deputy Managing Director	Appointed on 1 May 2021
Mr. Viengsouk Chounthavong	Deputy Managing Director	Appointed on 18 February 2019 Resigned on 30 March 2024
Mrs. Bouaphayvanh Nandavong	Deputy Managing Director	Appointed on 1 May 2021
Mr. Saychit Simmavong	Deputy Managing Director	Appointed on 1 May 2021
Mrs. Phousengthong Anoulakkham	Deputy Managing Director	Appointed on 1 July 2024
Mr. Nalinh Silavongsith	Deputy Managing Director	Appointed on 1 July 2024

1. CORPORATE INFORMATION (continued)

Investments in associates and joint ventures

As at 30 September 2024, the Bank has six (06) associates and joint ventures as follows:

Name	*Established in accordance with Business License No.*	*Business Sector*	*% owned by the Bank*
BCEL – Krung Thai Securities Company Limited	1079/ERO issued by the Ministry of Industry and Commerce on 10 July 2019	Securities	70%
Lao Viet Joint Venture Bank	732/ERO dated 29 August 2016 by the Ministry of Industry and Commerce	Banking & Finance	25%
Banque Franco - Lao Limited	0495/ERO dated 7 June 2018 by the Ministry of Industry and Commence	Banking & Finance	30%
Lao-Viet Insurance Joint Venture Company	0600 dated 16 August 2013 by the Ministry of Industry and Commence	Insurance	35%
Lao China Bank Company Limited	041/ERM dated 27 January 2014 by the Department of Enterprise Register and Management of Lao PDR	Banking & Finance	39.87%
Lao National Payment Network Company Limited	0349/ERO granted by the Department of Enterprise Registration and Management of the Ministry of Industry and Commerce of the Lao PDR on 12 March 2019	Settlement transaction management (Electronic)	20%

Employees

Total number of employees of the Bank as at 30 September 2024 is 2,108 persons (as at 31 December 2023: 2,075 persons).

2. BASIS OF PREPARATION

According to the Accounting Law No.46/NA dated 20 November 2023, public interest entities, including listed companies should apply International Financial Reporting Standards ("IFRS") in preparing their annual financial statements, starting from 2017. In accordance with the Official Letter No. 1137/MOF dated 27 April 2020 by the Ministry of Finance and 295/BOL dated 16 June 2021 issued by the BOL, commercial Banks are allowed to delay the application of IFRS until 1 January 2026. The management is presently preparing action plan for implementation IFRSs in accordance with announcement.

For the nine-month period ended 30 September 2024, the Bank has prepared its special purpose interim financial statements in accordance with the accounting policies as set out in Note 4 to the financial statements. These accounting policies are not intended to present the financial position, results of operations and cash flows of the Bank in accordance with international generally accepted accounting principles.

The special purpose interim financial statements are prepared to meet the reporting requirements of the Bank's shareholders and the regulators and should not be distributed to or used by other parties.

The special purpose financial statements have been prepared on a historical cost basis, except as disclosed in other notes.

The Bank maintains its accounting records in Lao Kip ("LAK") which is the Bank functional currency and presents its special purpose interim financial statements in millions of LAK ("LAKm").

The Bank's fiscal year starts on 1 January and ends on 31 December.

3. PRESENTATION OF THE SPECIAL PURPOSE INTERIM FINANCIAL STATEMENTS

The Bank presents its interim statement of financial position in order of liquidity. Financial assets and financial liabilities are generally reported gross in the interim statement of financial position. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basic in all of the following circumstances:

- The normal course of business;
- The event of default;
- The event of insolvency or bankruptcy of the Bank and/or its counterparties.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Foreign currency translation

Transactions in foreign currencies are initially recorded at the spot rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at period end are translated into LAK at exchange rates ruling on the statement of financial position date (see list of exchange rates of applicable foreign currencies against LAK on 30 September 2024 as presented in Note 38. All foreign exchange differences are taken into "Net gain/(loss) from dealing in foreign currencies" in the income statement.

4.2 Financial instruments - initial recognition and subsequent measurement

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial

4.2.1 Date of recognition

All financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes "regular way trades" - purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' account. The Bank recognises due to customer balances when funds reach to the Bank.

4.2.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss

4.2.3 The effective interest rate method

Under IAS 39, interest income is recorded using the EIR method for all financial assets measured at amortised cost. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Financial instruments - initial recognition and subsequent measurement (continued)

4.2.3 The effective interest rate method (continued)

If expectations of fixed rate financial assets or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in *Interest revenue/expense calculated using the effective interest method*.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

- 4.2.6 for 'Held-to-maturity financial investments'
- 4.2.7 for 'Due from banks and loans and advances to customers'
- 4.2.8 for 'Due to other banks and customers and other borrowed funds'
- 4.4 for 'Impairment of financial assets'
- 4.8 for 'Recognition of income and expenses'

4.2.4 'Day 1' profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'Net gain from dealing in foreign currencies'. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the income statement when the inputs become observable, or when the instrument is derecognised.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Financial instruments - initial recognition and subsequent measurement (continued)

4.2.5 Available for sale financial investments

Available for sale investments include equity securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

The Bank has not designated any loans or receivables as available for sale.

After initial measurement, available for sale financial investments are subsequently measured at fair value.

Unrealised gains and losses are recognized directly in equity (Other comprehensive income) in the 'Available-for-sale reserve'. When the investment is disposed of, the cumulative gain or loss previously recognized in equity is recognized in the interim income statement in 'Other operating income'. Where the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. Dividends earned while holding available-for-sale financial investments are recognized in the interim income statement as 'Other operating income' when the right of the payment has been established. The losses arising from impairment of such investments are recognized in the interim income statement in 'Impairment losses on financial investments' and removed from the 'Available-for-sale reserve'.

4.2.6 Held-to-maturity financial investments

Held-to-maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Bank has the intention and ability to hold to maturity. After initial measurement, held-to-maturity financial investments are subsequently measured at amortized cost using the EIR. Periodically, held-to-maturity securities are subject to review for impairment. Allowance for impairment of these securities is made when there has been a significant or prolonged declined in the fair value below their cost. The losses arising from impairment of such investments are recognized in the interim income statement line 'Impairment loss expense'.

If the Bank were to sell or reclassify more than an insignificant amount of held-to-maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Bank would be prohibited from classifying any financial asset as held-to-maturity during the following two years.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Financial instruments - initial recognition and subsequent measurement (continued)

4.2.7 Due from banks and loans and advances to customers

'Due from Banks' and 'Loans and advances to customers' and 'Held to maturity securities' include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Branch intends to sell immediately or in the near term and those that the Branch, upon initial recognition, designates as at fair value through profit or loss;
- Those that the Branch, upon initial recognition, designates as available-for-sale;
- Those for which the Branch may not recover substantially all of its initial investment, other than because of credit deterioration.

After initial measurement, amounts 'Due from Banks' and 'Loans and advances to customers' and 'Held to maturity securities' are subsequently measured at amortized cost using the EIR methodology, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. Therefore, the Branch recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of the loan, hence, recognising the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (prepayments, penalty interest and charges).

If expectations are revised the adjustment is booked a positive or negative adjustment to the carrying amount in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest and similar income in the income statement.

The Bank may enter into certain lending commitments where the loan, on drawdown, is expected to be classified as held–for–trading because the intent is to sell the loans in the short term. These commitments to lend are recorded as derivatives and measured at fair value through profit or loss.

Where the loan, on drawdown, is expected to be retained by the Bank, and not sold in the short term, the commitment is recorded only when it is an onerous contract that is likely to give rise to a loss (for example, due to a counterparty credit event).

4.2.8 Due to other banks and customers and other borrowed funds

"Due to other banks and customers and other borrowed funds" include arrangements where the substance of the contractual arrangements result in the Bank having an obligation either to deliver cash or another financial asset to the holder.

After initial measurement, "Due to other banks and customers and other borrowed funds" are subsequently measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Financial instruments - initial recognition and subsequent measurement (continued)

4.2.9 Reclassification of financial assets

The Bank was permitted to reclassify, in certain circumstances, non-derivative financial assets out of the 'Held-for-trading' category and into the 'Available-for-sale', 'Loans and receivables', or 'Held-to-maturity' categories. From this date it was also permitted to reclassify, in certain circumstances, financial instruments out of the 'Available-for-sale' category and into the 'Loans and receivables' category. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortized cost.

For a financial asset reclassified out of the 'Available-for-sale' category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is recycled to the income statement.

In rare circumstances, the Bank may reclassify a non-derivative trading asset out of the 'Held-for-trading' category and into the 'Loans and receivables' category if it meets the definition of loans and receivables and the Bank has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognized as an adjustment to the EIR from the date of the change in estimate.

Reclassification is at the election of management, and is determined on an instrument by instrument basis.

4.3 De-recognition of financial assets and financial liabilities

4.3.1 Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired. The Bank also derecognises the assets if it has both transferred the asset, and the transfer qualifies for derecognition.

The Bank has transferred the asset if, and only if, either:

- The Bank has transferred its contractual rights to receive cash flows from the asset or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions when the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when certain conditions are met. As at 30 September 2024, the Bank does not have financial assets which are subject to such arrangements.

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset or
- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 De-recognition of financial assets and financial liabilities (continued)

4.3.1 Financial assets (continued)

In relation to the above, the Bank considers the control to be transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

The Bank also derecognises a financial asset, in particular, a loan to customer when the terms and conditions have been renegotiated to the extent that it substantially became a new loan, with the difference recognised as an impairment in the interim income statement.

4.3.2 Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

4.4 Impairment of financial assets

The Bank assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganization; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Impairment of financial assets (continued)

4.4.1 Financial assets carried at amortized cost

Specific impairment losses

For financial assets carried at amortised cost (such as amounts due from banks, loans and advances to customers), the Bank first assesses whether objective evidence of impairment exists for financial assets that are individually significant or are already under specific work out by management.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in credit loss expense in the interim income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of interest and similar income.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write–off is later recovered, the recovery is credited to income.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR. If the Bank has reclassified trading assets to loans and advances, the discount rate for measuring any impairment loss is the new EIR determined at the reclassification date.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Collective impairment model

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms (for example, on the basis of a credit risk evaluation or grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors).

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Impairment of financial assets (continued)

4.4.1 Financial assets carried at amortized cost (continued)

Estimates of changes in future cash flows reflect and are directionally consistent with changes in related observable data from period to period (such as changes in unemployment rates, personal indebtedness, collateral values including property prices for mortgages, commodity prices, payment status or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

4.4.2 Impairment of available for sale investments

The Bank records impairment charges on available for sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Bank evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.

4.4.3 Collateral valuation

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed at a minimum, at inception and based on the Bank's annually reporting schedule.

To the extent possible, the Bank uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, housing price indices, audited interim financial statements, and other independent sources.

4.4.4 Collateral repossessed

The Bank's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets that are determined better to be sold, are immediately transferred to assets held for sale at their fair value at the repossession date in line with the Bank's policy.

4.5 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the interim statement of financial positions if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investment in associates and joint ventures

The Bank has interests in associates, which the Bank has significant influence but not control or joint control. Investments in associates are initial accounted at cost and subsequent measured using the equity method.

The Bank has interests in joint ventures, which are jointly controlled entities, whereby the ventures have a contractual arrangement that establishes joint control over the economic activities of the entities. The arrangement requires unanimous agreement for financial and operating decisions among the ventures. Investments in joint ventures are initial accounted at cost and subsequent measured using the equity method.

Under the equity method, the investment in a joint venture or associate is initially recognized at cost in the statement of financial position plus any adjustment to the net assets relatively to the percentage of the Bank's investment in the joint ventures or associate afterwards.

The Bank's share of profit of a joint venture or associate is shown on the face of the income statement. This is the profit attributable to equity holders of the joint venture or associate and, therefore, is profit after tax and non-controlling interest in the subsidiaries of the joint venture.

After application of the equity method, the Bank will determine whether it is necessary to recognize an additional impairment loss of the investments in its joint ventures and associates. The Bank determines at each reporting date whether there is objective evidence of impairment that the investment in the joint ventures and associates is impaired. In that circumstance, the Bank will calculate the amount of impairment as the difference between the recoverable amount and carrying value of the investments in the joint ventures and associates and recognize the difference in the special purpose interim income statement.

4.7 Recognition of income and expense

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

4.7.1 Interest and similar income and expense

For all financial instruments measured at amortized cost, interest-bearing financial assets classified as available-for-sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the EIR. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

When the recorded value of a financial asset or a group of similar financial assets has been reduced by an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Recognition of income and expense (continued)

4.7.2 Fees and commission income (continued)

The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Bank's revenue contracts do not typically include multiple performance obligations, as explained further in 4.7.2.1 and 4.7.2.2 below. When the Bank provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time (unless otherwise specified in 4.7.2.1 and 4.7.2.2 below). The Bank has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer

4.7.2.1 Fee and commission income from services where performance obligations are satisfied over time

Performance obligations satisfied over time include asset management, custody and other services, where the customer simultaneously receives and consumes the benefits provided by the Bank's performance as the Bank performs.

4.7.2.2 Fee and commission income from providing services where performance obligations are satisfied at a point in time

Services provided where the Bank's performance obligations are satisfied at a point in time are recognized once control of the services is transferred to the customer. This is typically on completion of the underlying transaction or service or, for fees or components of fees that are linked to a certain performance, after fulfilling the corresponding performance criteria. These include fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement/participation or negotiation of the acquisition of shares or other securities, or the purchase or sale of businesses, brokerage and underwriting fees.

4.7.3 Dividend income

Dividend income is recognized when the Bank's right to receive the payment is established.

4.7.4 Net trading income

Results arising from trading activities include all gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities 'held for trading'. This includes any ineffectiveness recorded in hedging transactions.

4.8 Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprise cash on hand, non-restricted current accounts with the BOL and amounts due from banks on demand or with an original maturity of three months or less.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Property and equipment

Property and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives. The following are annual rates used:

	Depreciation rate	**Residual rate**
Buildings & improvements	5%	1%
Office equipment	20%	1%
Furniture & fixtures	10-20%	1%
Motor vehicles	20%	1%

Property and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in 'Other operating income' in the interim income statement in the period the asset is derecognized.

4.10 Intangible assets

The Bank's other intangible assets include the value of land use rights and software.

An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year–end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and they are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the interim income statement in the expense category consistent with the function of the intangible asset.

Amortization is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

	Depreciation rate	**Residual rate**
Land use rights (*)	No amortization	NA
Software	20%	1%

(*): Cost of land use rights is not amortized as they have indefinite life.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Impairment of non-financial assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit (CGU)'s fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Bank estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the interim income statement.

4.12 Financial guarantees

In the ordinary course of business, the Bank issues financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognized in the interim financial statements (within 'Other liabilities') at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the interim income statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is recorded in the interim income statement in 'Credit loss expense'. The premium received is recognized in the interim income statement in 'Net fees and commission income' on a straight line basis over the life of the guarantee.

4.13 Employee benefits

Post-employment benefits

Post-employment benefits are paid to retired employees of the Bank at the time of retirement by the amount equal to (Latest Basic Salary + Wage + 25% of allowance (If have) + 25% of other benefits) x 1,5 x working years.

The fund for Post-employment benefits come from:

(i) the retirement reserve contributed by the employees, for which the Bank withholds a certain monthly amount from employees' salary (5,5%) of the amount (Equal to Basic Salary + Wage + 25% of allowance + 25% of other benefits);
(ii) and the Bank contribution by monthly, which is equal to 6% of the amount (Equal to Basic Salary + Wage + 25% of allowance + 25% of other benefits).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Employee benefits (continued)

Post-employment benefits (continued)

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability, are recognised immediately in the interim statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Bank recognises the following changes in the net defined benefit obligation under 'Personnel expenses' in the statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- Net interest expense or income

Termination benefits

In accordance with Article 82 of the Amended Labour Law No. 43/NA approved by the President of the Lao People's Democratic Republic on 28 January 2014, the Bank has the obligation to pay allowance for employees who are terminated by dismissal in the following cases:

- The worker lacks specialised skills or is not in good health and thus cannot continue to work;
- The employer considers it necessary to reduce the number of workers in order to improve the work within the labour unit.

For the termination of an employment contract on any of the above-mentioned grounds, the employer must pay a termination allowance which is calculated on the basis of 10% of the basic monthly salary earned before the termination of work. As at 30 September 2024, there is no employees of the Bank who were dismissed under the above-mentioned grounds, therefore the Bank has not made a provision for termination allowance in the interim financial statements.

4.15 Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Bank determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the interim income statement net of any reimbursement in other operating expenses.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Profit tax

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Bank operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognised as income tax benefits or expenses in the income statement except for tax related to the fair value remeasurement of available-for-sale assets, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to OCI. These exceptions are subsequently reclassified from OCI to the income statement together with the respective deferred loss or gain. The Bank also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Bank only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Bank’s intention to settle on a net basis.

4.17 Fiduciary assets

The Bank provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity are not reported in the interim financial statements, as they are not the assets of the Bank.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Equity reserves

The reserves recorded in equity on the Bank's interim statement of financial position include:

- Statutory reserves which are created in accordance with prevailing regulations of Lao PDR, as stated in Note 31.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Bank's interim financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the interim financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

5.1 Going concern

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the interim financial statements continue to be prepared on the going concern basis.

5.2 Effective Interest Rate method

The Bank's EIR methodology, as explained in Note 4.2.3, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to other fee income/expense that are integral parts of the instrument.

5.3 Impairment losses on loans and advances

The Bank reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the interim income statement.

The Bank's impairment methodology for assets carried at amortised cost results in the recording of provisions for:

- Specific impairment losses on individually significant or specifically identified exposures;
- Collective impairment.

The detailed approach for each category is further explained in Note 4.4.1. All categories include an element of management's judgement, in particular for the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses. These estimates are driven by a number of factors, the changing of which can result in different levels of allowances.

5.4 Impairment of available-for-sale investments

The Bank reviews its debt securities classified as available-for-sale investments at each reporting date to assess whether they are impaired as explained in Note 4.4.2.

This assessment, including estimated future cash flows and other inputs in to the discounted cash flow model and in the case of equity instruments, the interpretation of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Bank evaluates, among other factors, historical share price movements, and the duration and extent to which the fair value of an investment is less than its cost.

5.5 Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax-planning strategies.

6. NET INTEREST AND SIMILAR INCOME

	For the three-month period of quarter III ended 30 September 2024 LAKm	*For the three-month period of quarter III ended 30 September 2023 LAKm*
Interest income calculated using the effective interest method from:		
Lending to customers	909,455	806,851
Deposits at other banks	256,927	129,240
Others		
- *Held-to-maturity securities*	347,954	140,896
	1,514,336	**1,076,987**
Interest expense calculated using the effective interest method for:		
Due to banks	(77,507)	(63,606)
Customer deposits	(623,129)	(520,193)
	(700,636)	**(583,798)**
Net interest and similar income	**813,700**	**493,188**

7. NET FEE AND COMMISSION INCOME

	For the three-month period of quarter III ended 30 September 2024 LAKm	*For the three-month period of quarter III ended 30 September 2023 LAKm*
Fee and commission income from:		
Settlement services	224,790	150,636
Credit activities	33,722	6,138
Other activities	30,982	20,638
	289,494	**177,412**
Fee and commission expense for:		
Settlement services	(52,073)	(29,579)
Treasury activities	(4,165)	(3,392)
	(56,238)	**(32,971)**
Net fee and commission income	**233,257**	**144,441**

8. NET GAIN FROM DEALING IN FOREIGN CURRENCIES

	For the three-month period of quarter III ended 30 September 2024 LAKm	*For the three-month period of quarter III ended 30 September 2023 LAKm*
Gains from dealing in foreign currencies	7,424,180	3,558,438
Losses from dealing in foreign currencies	(7,406,895)	(3,473,063)
	17,285	**85,375**

9. OTHER OPERATING INCOME

	For the three-month period of quarter III ended 30 September 2024 LAKm	*For the three-month period of quarter III ended 30 September 2023 LAKm*
Recovery of bad debts written-off	45,095	20,989
Others	13,676	3,337
	58,770	**24,326**

10. IMPAIRMENT LOSSES OF FINANCIAL INVESTMENTS

	For the three-month period of quarter III ended 30 September 2024 LAKm	*For the three-month period of quarter III ended 30 September 2023 LAKm*
Impairment loss for Available-for-sale investments	(6,744)	383
	(6,744)	**383**

11. PERSONNEL EXPENSES

	For the three-month period of quarter III ended 30 September 2024 LAKm	*For the three-month period of quarter III ended 30 September 2023 LAKm*
Salary and wages	47,170	39,353
Allowances and other staff benefits	49,581	39,740
Post-employment benefits	5,489	3,034
Per diem	1,504	1,313
Training expenses	775	64
	104,519	**83,504**

12. OTHER OPERATING EXPENSES

	For the three-month period of quarter III ended 30 September 2024 LAKm	*For the three-month period of quarter III ended 30 September 2023 LAKm*
Repair and maintenance	10,383	6,123
Stationery and office materials	6,884	7,017
Training, meeting and seminar	6,750	5,400
Utilities	4,012	3,631
Telecommunication	4,162	2,133
Insurance expense	1,700	2,423
Publication, marketing and promotion	2,760	3,016
Office rental	1,687	1,816
Fuel expense	1,612	1,509
Auditor fee	1,036	350
Consulting and financial service fees	112	775
Tax and other duties	385	494
Interest expense on lease liabilities	493	188
Deposit Insurance paid to Depositor Protection Fund	29,960	23,509
Others	6,390	(6,153)
	78,326	**52,232**

13. CASH AND BALANCES WITH THE BANK OF LAO PDR

	30 September 2024 LAKm	*31 December 2023 LAKm*
Cash on hand in LAK	2,683,333	2,343,586
Cash on hand in foreign currencies (“FC”)	3,522,690	2,827,491
Balances with the BOL:		
- Demand deposit	8,330,580	15,450,480
- Compulsory deposit (*)	9,580,090	6,228,256
- Term deposit	9,699,433	4,834,330
	33,816,126	**31,684,143**

Balances with the BOL include settlement and compulsory. These balances earn no interest.

(*) Under regulations of the BOL, the Bank is required to maintain certain reserves with the BOL in the form of compulsory deposits, which are computed at 8.00% for LAK and 10.00% for foreign currencies (2023: 8.00% for LAK and 10.00% for foreign currencies), on a bi-monthly basis, of customer deposits having original maturities of less than 12 months. During the period, the Bank maintained its compulsory deposits in compliance with the requirements by the BOL

13. CASH AND BALANCES WITH THE BANK OF LAO PDR (continued)

Details of term deposits with Bank of the Lao PDR by interest rate are as follows:

	For the nine-month period ended 30 September 2024 % per annum	*For the nine-month period ended 30 September 2023 % per annum*
Less than 1 month	-	0.70%
3 to 6 months	0.10% - 2.02%	2.40%
6 to 9 months	2.59%	2.59%
9 to 12 months	3.14% - 5.00%	3.14%

14. DUE FROM BANKS

	30 September 2024 LAKm	*31 December 2023 LAKm*
Demand and saving accounts	**13,491,428**	**11,804,977**
- In LAK	144	10,945
- In foreign currencies	13,491,283	11,794,032
Term deposits	**10,253,985**	**10,159,378**
- In LAK	4,032,634	4,198,037
- In foreign currencies	6,221,351	5,961,341
	23,745,413	**21,964,355**

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

	For the nine-month period ended 30 September 2024 % per annum	*For the nine-month period ended 30 September 2023 % per annum*
Demand deposits	0.07% - 3.30%	0.07% - 1.20%
Saving deposits	0.10% - 2.16%	0.07% - 2.16%
Term deposits	4.30% - 12.50%	3.50% - 7.50%

15. LOANS TO CUSTOMERS

	30 September 2024 LAKm	*31 December 2023 LAKm*
Gross loans	58,190,052	55,580,276
Less: Allowance for impairment losses	(2,488,883)	(1,687,920)
	55,701,169	**53,892,356**

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

	For the nine-month period ended 30 September 2024 % per annum	*For the nine-month period ended 30 September 2023 % per annum*
Loans denominated in LAK	3.00% - 17.00%	3.00% - 17.00%
Loans denominated in USD	5.80% - 11.50%	5.80% - 16.00%
Loans denominated in THB	6.00% - 11.50%	6.00% - 11.50%

15. LOANS TO CUSTOMERS (continued)

Analysis of loan portfolio by currency:

	30 September 2024 LAKm	*31 December 2023 LAKm*
Loans denominated in LAK	21,674,834	19,153,975
Loans denominated in USD	30,554,242	30,272,378
Loans denominated in THB	5,960,976	6,153,923
	58,190,052	**55,580,276**

Analysis of loan portfolio by original maturity:

	30 September 2024 LAKm	*31 December 2023 LAKm*
Short-term loans	7,218,069	4,048,836
Medium-term loans	38,384,068	36,502,379
Long-term loans	12,587,916	15,029,061
	58,190,052	**55,580,276**

Analysis of loan portfolio by type of industrial sectors:

	30 September 2024		*31 December 2023*	
	LAKm	*%*	*LAKm*	*%*
Industrial services companies	34,958,997	60.08%	31,581,226	56.82%
Construction companies	6,006,044	10.32%	6,766,094	12.17%
Technical instruments enterprises	1,605,253	2.76%	1,083,309	1.95%
Agricultural and forestry	441,151	0.76%	250,749	0.45%
Trading companies	7,888,289	13.56%	6,929,002	12.47%
Transportation companies	287,174	0.49%	2,230,823	4.01%
Services companies	5,855,952	10.06%	5,949,430	10.70%
Handicrafts	12,682	0.02%	138,520	0.25%
Other loans	1,134,510	1.95%	651,123	1.17%
	58,190,052	100%	**55,580,276**	**100%**

16. ALLOWANCE FOR IMPAIRMENT LOSSES

Changes in the allowance for impairment losses of loans to customers during the nine-month period ended 30 September 2024 are as follows:

	Allowance for impairment of loans to customers LAKm
Balance as at 1 January 2024	**1,687,920**
Net change during the period	2,522,676
Non-performing loans written-off	(1,745,651)
Foreign exchange differences	23,938
Balance as at 30 September 2024	**2,488,882**

Breakdown of allowance for impairment losses of loans to customers as at 30 September 2024 and 31 December 2023 are as follows:

	30 September 2024		*31 December 2023*	
	Outstanding balance LAKm	*Impairment LAKm*	*Outstanding balance LAKm*	*Impairment LAKm*
Individually impaired	3,563,268	2,064,984	6,484,088	1,388,525
Collectively impaired	54,626,784	423,900	49,096,188	299,395
	58,190,052	**2,488,884**	**55,580,276**	**1,687,920**

17. FINANCIAL INVESTMENTS - AVAILABLE-FOR-SALE

	30 September 2024 LAKm	*31 December 2023 LAKm*
Listed shares of EDL-Generation Public Company	181,204	181,204
Provision for impairment loss	(111,790)	(93,382)
	69,414	**87,822**

18. FINANCIAL INVESTMENTS - HELD-TO-MATURITY

	30 September 2024 LAKm	*31 December 2023 LAKm*
Amortized cost of Bonds issued by the Ministry of Finance	10,257,752	6,611,379
Amortized cost of Treasury bills issued by the Ministry of Finance	5,431,295	4,258,674
Amortized cost of Bonds issued by bank of Lao PDR	7,053,216	4,228,042
	22,742,263	**15,098,095**

18. FINANCIAL INVESTMENTS - HELD-TO-MATURITY (continued)

18.1 Treasury bills issued by the Ministry of Finance

Details of the treasury bills as at 30 September 2024 are as follows:

Term	*Issue date*	*Maturity date*	*CCY*	*Face value LAKm*	*Amortized cost LAKm*	*Interest rate % per annum (nominal)*
1 year	28-Mar-2024	28-Mar-2025	USD	1,950,854	1,999,966	5.00%
1 year	3-Jul-2024	3-Jul-2025	THB	1,325,600	1,341,465	5.00%
1 year	19-Sep-2024	19-Sep-2025	THB	1,988,400	1,991,326	5.00%
1 year	28-Mar-2024	28-Mar-2025	LAK	95,748	98,539	5.80%
				5,360,602	**5,431,295**	

18. FINANCIAL INVESTMENTS - HELD-TO-MATURITY (continued)

18.2 Bonds issued by the Ministry of Finance and BOL

► Details of other bonds by contractual maturity date are as follows:

	Face value LAKm	*Amortized cost LAKm*
Within 1 year	8,970,058	9,109,668
1 to 5 years	8,766,123	8,796,486
Over 5 years	4,865,931	4,836,109
	22,602,111	**22,742,263**

► Details of other bonds interest by contractual maturity date are as follows:

	For the nine-month period ended 30 September 2024 % per annum	*For the nine-month period ended 30 September 2023 % per annum*
Within 1 year	4.50% - 11.54%	0.10% - 5.80%
1 to 5 years	0.10% - 6.90%	0.10% - 6.90%
Over 5 years	4.20% - 7.50%	4.00% - 7.50%

19. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investment in associates and joint ventures - equity method:

Unit: LAKm

	BCEL – Krung Thai Securities Company Limited	Lao Viet Joint Venture Bank	Banque Franco - Lao Limited	Lao China Bank Company Limited	Lao-Viet Insurance Joint Venture Company	Lao National Payment Network Company Limited	Total
As at 1 January 2024	**79,765**	**268,772**	**175,985**	**196,536**	**16,452**	**9,713**	**747,223**
Net share of profit in the period under equity method	6,368	7,070	17,550	13,507	4,479	5,764	54,738
Less:							
Dividends received during the period	(3,726)	-	-	-	-	-	(3,726)
As at 30 September 2024	**82,408**	**275,841**	**193,535**	**210,043**	**22,263**	**15,477**	**799,567**

Investment in associates and joint ventures - percentage of ownership are as follows:

	30 September 2024		*31 December 2023*	
	Book value LAKm	*Ownership %*	*Book value LAKm*	*Ownership %*
Investment in associates and joint ventures				
BCEL - Krung Thai Securities Company Limited	70,000	70%	70,000	70%
Lao Viet Joint Venture Bank	197,839	25%	197,839	25%
Banque Franco - Lao Limited	150,000	30%	150,000	30%
Lao-Viet Insurance Joint Venture Company	9,168	35%	9,168	35%
Lao China Bank Company Limited	151,458	39.87%	151,458	39.87%
Lao National Payment Network Company Limited	6,800	20%	6,800	20%
	585,265		**585,265**	

19. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

- BCEL - Krung Thai Securities Company Limited is incorporated in the Lao PDR under the Business License No. 180-10 granted by the Investment Promotion Department of the Ministry of Planning and Investment of the Lao PDR on 14 December 2010. The company's principal activities are to provide brokerage services, proprietary trading, finance and securities investment advisory services, custody services, underwriting for share issues and other value added services.

- Lao Viet Joint Venture Bank ("LVB") is incorporated in the Lao PDR with its head office located in Vientiane and engages in the provision of banking services. It is a joint venture with the Bank for Investment and Development of Vietnam, a state-owned commercial bank incorporated in the Socialist Republic of Vietnam. The joint venture was granted the banking license on 31 March 2000 by the Bank of Lao PDR for a year of 30 years. In 2015, LVB increased its contributed capital to LAK 791,357,560,000. The Bank's ownership rate in LVB after the capital increase is 25% in accordance with Investment License No. 004-15/KH-DDT4 issued by Ministry of Planning and Investment on 24 August 2015, equivalent to LAK 197,839,390,000.

- Banque Franco - Lao Limited ("BFL") is incorporated in the Lao PDR with its head office located in Vientiane and engages in the provision of banking services. It is a joint venture with Cofibred Company Frances De La Bred which is a state-owned bank incorporated in Paris, France. The joint venture was granted the temporary banking license on 01 October 2009 and a permanent license on 16 July 2010 by the Bank of Lao PDR. As 30 September 2024, the total contributed capital of the Bank in this investment was LAKm 150,000 (2023: LAKm 150,000) and had been fully contributed in 2023.

- Lao-Viet Insurance Joint Venture Company ("LVI") is incorporated as a joint venture company in the Lao PDR providing insurance services under the Investment License No. 077/08/FIMC issued by the Foreign Investment Management Committee on 09 June 2008. It is a joint venture with BIDV Insurance Joint Stock Corporation and Lao Viet Joint Venture Bank. LVI's legal capital is USD 3,000,000 and has been fully contributed by partners on 17 July 2008. In 2013, the Bank has contributed additional capital of USD 180,000 on 02 September 2013. As at 30 September 2024, the total contributed capital of the Bank in this company was USD 1,050,000, equivalent to LAKm 9,168.

- Lao China Bank Company Limited ("LCNB") is incorporated in the Lao PDR and engages in the provision of baking services. It is a joint venture with Fudian Bank China, a state-owned commercial bank incorporated in China. The joint venture bank was granted the Banking Business License on 20 January 2014 by the Bank of Lao PDR. In 2022, LCNB increased its shares number from 1,000 to 1,229 but BCEL still hold 490 shares without no additional contribution, it led to an decreased in % ownership of BCEL from 49.00% down to 39.87%. As at 30 September 2024, the total value of investment was LAKm 151,458.

- Lao National Payment Network Company Limited (LAPNet) is incorporated in the Lao PDR under the Business License No. 0349 granted by the Department of Enterprise Registration and Management of the Ministry of Industry and Commerce of the Lao PDR on 12 March 2019 and engages in the provision of financial services. It is an association among the Bank of Lao PDR, Union Pay International, Lao Development Bank, Agriculture Promotion Bank, Joint Development Bank, and Lao-Viet Bank. The legal capital was LAKm 34,000. As 30 September 2024, the total contributed capital of the Bank in this company was LAKm 6,800 (2023: LAKm 6,800).

20. PROPERTY AND EQUIPMENT AND TANGIBLE ASSETS

20.1 Construction in progress

Movement of construction in progress and fixed assets in transit for the six-month ended 30 September 2024 is as follows:

	Buildings & improvements LAKm	*Other LAKm*	*Total LAKm*
As at 1 January 2024	113,721	57,483	171,204
Additions	72,626	85,646	158,271
Transferred to fixed assets	(79,352)	(72,541)	(151,894)
Written off	-	-	-
As at 30 September 2024	**106,995**	**70,587**	**177,582**

20.2 Property and equipment

Movements of property and equipment for the nine-month period ended 30 September 2024 are as follows:

	Buildings & improvements LAKm	*Office equipment LAKm*	*Furniture & fixtures LAKm*	*Motor vehicles LAKm*	*Total LAKm*
Cost:					
As at 1 January 2024	556,973	303,787	36,680	25,365	922,805
Additions	11.747	117.619	1.736	14.254	145.356
Disposals	(3.022)	(8.902)	(316)	-	(12.240)
As at 30 September 2024	565.698	412.504	38.100	39.619	1.055.921
Accumulated depreciation:					
As at 1 January 2024	264.090	213.940	28.440	19.435	525.905
Charge for the period	23.343	37.127	2.522	2.456	65.448
Disposals	(756)	(590)	(242)	-	(1.588)
As at 30 September 2024	286.677	250.477	30.720	21.891	589.765
Net book value:					
As at 1 January 2024	292,883	89,847	8,240	5,930	396,900
As at 30 September 2024	279.021	162.027	7.380	17.728	466.156

21. INTANGIBLE ASSETS

Movements of intangible assets during the nine-month period ended 30 September 2024 are as follows:

	Land use rights LAKm	*Software LAKm*	*Total LAKm*
Cost:			
As at 1 January 2024	289,324	68,002	357,326
Transferred from CIP and fixed assets in transit	-	11,443	11,443
Written off	(851)	(2,858)	(3,709)
As at 30 September 2024	288,473	76,587	365,060
Accumulated amortization:			
As at 1 January 2024	-	35,592	35,592
Charge for the period	-	9,984	9,984
Written off	-	-	-
As at 30 September 2024	-	45,576	45,576
Net book value:			
As at 1 January 2024	289,324	32,410	321,734
As at 30 September 2024	288,473	30,160	319,484

22. RIGHT OF USE ASSETS

Movements of the balance of right of used assets during the period are as follows:

	Total LAKm
Cost:	
As at 1 January 2024	87,995
Additions	16,278
Disposals	(1,122)
As at 30 September 2024	103,151
Accumulated amortization:	
As at 1 January 2024	34,495
Charge for the period	9,204
Disposals	(1,122)
As at 30 September 2024	42,577
Net book value:	
As at 1 January 2024	53,500
As at 30 September 2024	60,574

22. RIGHT OF USE ASSETS (continued)

Lease liability

Set out below are the carrying amounts of lease liability and the movements during the period:

	30 September 2024 LAKm
As at 01 January 2024	**29,285**
Additional	10,106
Accrue interest	865
Payments	(6,923)
Foreign currency difference	1,608
As at 30 September 2024	**34,941**

23. OTHER ASSETS

	30 September 2024 LAKm	*31 December 2023 LAKm*
Assets waiting for sale (i)	1,358,892	1,459,456
Other assets awaiting account transfer or settlement (ii)	267,240	207,958
Advance for Top-up (iii)	107,690	106,637
Stationeries and other tools	21,133	31,999
Prepaid expenses to be allocated	34,515	21,130
Advance payment to suppliers	40,830	8,749
Others	64,388	77,684
	1,894,687	**1,913,614**

(i) Assets waiting for sale represent properties derived from the debtor who has given them to satisfy the bank's debt.

(ii) Other assets awaiting account transfer or settlement represent transactions such as interbank transfers, card transactions processed through an inter-card center, or other financial activities. These transactions have been initiated but have not yet been fully settled and reconciled between different entities, awaiting settlement with the related entities.

(iii) Advance for Top-up represent a payment made in advance for the purchase of a telephone network's call value for the purpose of providing a top-up service to the Bank's customers.

24. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 September 2024 LAKm	*31 December 2023 LAKm*
Demand deposits	**7,770,134**	**8,139,312**
- In LAK	2,795,600	2,554,056
- In foreign currencies	4,974,533	5,585,256
Saving deposits	**385,954**	**400,856**
- In LAK	156,739	154,788
- In foreign currencies	229,214	246,068
Term deposits	**632,895**	**882,819**
- In LAK	222,654	202,170
- In foreign currencies	410,241	680,648
Others	**164,020**	**40,130**
- In LAK	40,006	40,130
- In foreign currencies	124,014	-
	8,953,002	**9,463,117**

Interest rates for deposits from other banks and financial institutions during the period are as follows:

	For the nine-month period ended 30 September 2024 % per annum	*For the nine-month period ended 30 September 2023 % per annum*
Demand deposits	No interest	No interest
Saving deposits	0.00% - 1.25%	0.00% - 0.30%
Term deposits	0.36% - 5.52%	0.56% - 6.65%

25. DUE TO CUSTOMERS

	30 September 2024 LAKm	*31 December 2023 LAKm*
Demand deposits	**15,172,269**	**16,773,450**
Demand deposits in LAK	4,787,634	4,990,191
Demand deposits in FC	10,384,635	11,783,259
Saving Deposits	**70,978,917**	**59,833,533**
Demand saving deposits in LAK	24,715,224	23,185,552
Demand saving deposits in FC	46,263,693	36,647,981
Term deposits	**35,884,222**	**32,279,286**
Term deposits in LAK	10,124,628	9,323,976
Term deposits in FC	25,759,594	22,955,310
Margin deposits	**218,441**	**210,254**
Margin deposits in LAK	45,992	32,218
Margin deposits in FC	172,448	178,036
Others	326,581	**375,194**
	122,580,430	**109,471,717**

Saving deposits from customers denominated in LAK, USD and THB bear interest at rate ranging of 1.25% – 1.60%, 0.60% - 1.00% and 0.45% – 0.55% per annum respectively.

Fixed term deposits in LAK, USD, THB have terms of 3, 6, 9, 12 months and more than 1 year and are subject to interest rates ranging of 3.16% – 10.05%, 1.50% - 6.65 % and 1.10% – 6.10% per annum respectively.

26. BORROWINGS FROM OTHER BANKS

	30 September 2024 LAKm	*31 December 2023 LAKm*
Borrowings from the BOL	4,438,505	4,316,134
Borrowings from foreign banks	62,260	62,260
	4,500,765	**4,378,394**

Borrowings from the BOL as at 30 September 2024 include:

(i) USD 89,854,000 long-term borrowing with interest rate of 5.50% per annum for the purpose of providing credit to certain Government-backed Hydropower projects. The loan's principal is paid annually from 2019 to 2025. Interest is paid quarterly.

(ii) USD 97,900,000 long-term borrowing with interest rate of 5.30% per annum for the purpose of providing credit to certain Government-backed Hydropower projects. The loan's principal is paid annually from 2020 to 2026. Interest is paid quarterly.

27. TAXATION

27.1 Profit tax expense

Major components of tax expense are as follows:

	For the nine-month period ended 30 September 2024 LAKm	*For the nine-month period ended 30 September 2023 LAKm*
Current profit tax expense	(105,954)	(22,498)
Deferred profit tax income	30,012	(18,174)
Total tax expense for the period	**(75,942)**	**(40,672)**

27.2 Tax payables

	30 September 2024 LAKm	*31 December 2023 LAKm*
Profit Tax payable	86,545	27,454
Value Added Tax payable	63,310	52,746
Personal income tax	2,389	261
	152,244	**80,461**

27.3 Current Profit Tax ("PT")

The Bank is obliged to pay profit tax at rate of 20% on total profit before tax of the period in accordance with Tax Law No.67/NA dated 18 June 2019 which is effective on or after 1 January 2020.

	For the nine-month period ended 30 September 2024 LAKm	*For the nine-month period ended 30 September 2023 LAKm*
Profit before tax in accordance with IFRS	**444,716**	**228,616**
Adjustment for temporally differences between IFRS-based special purpose and LAS	25,015	19,426
Profit before tax in accordance with LAS	**469,731**	**248,042**
Increase/(Decrease):		
- Income exempted from profit tax	(13,087,611)	(11,635,930)
- Non-deductible expenses	13,147,651	11,500,546
Taxable profit under LAS	**529,772**	**112,658**
PT expense at rate of 20%	**105,954**	**22,532**
Payable at the beginning of the period	27,454	21,907
Tax paid in the period	(46,863)	(27,326)
Other adjustment	-	286
PT payable at the end of the period	**86,545**	**17,399**

The Bank's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations in many types of transactions is susceptible to varying interpretations, amounts reported in the interim financial statements could be changed at a later date upon final determination by the tax authorities.

27. TAXATION (continued)

27.4 Deferred tax assets/(liabilities)

	Statement of financial position		*Income statement*		*Statement of comprehensive income*	
	30 September 2024 LAKm	*31 December 2023 LAKm*	*30 September 2024 LAKm*	*30 September 2023 LAKm*	*30 September 2024 LAKm*	*30 September 2023 LAKm*
Deferred tax assets	179,092	140,398	38,694	(513)	-	-
Deferred tax liabilities	(44,297)	(37,585)	(8,681)	(2,740)	1,969	(4,018)
Deferred tax assets, net	**134,795**	**102,813**				
Net deferred tax credited/(charged) to the income statement			**30,013**	**(3,253)**		
Net deferred tax credited to the statement of comprehensive income					**1,969**	**(4,018)**

Details of the deferred tax assets and deferred tax liabilities are as follows:

	30 September 2024 LAKm	*31 December 2023 LAKm*
Deductible temporary differences		
In which:		
Difference between carrying value of investments under LAS and their amortized cost under special purpose framework	-	10,795
Difference between carrying value of loan to customer under LAS and their amortized cost under special purpose framework	318,419	225,775
Difference in impairment expense of investments under LAS and under special purpose framework	577,039	452,640
Difference in allowance for post-employment benefits under LAS and under special purpose framework	-	12,781
Deferred tax assets (at tax rate 20%)	**179,092**	**140,398**
Taxable temporary differences		
In which:		
Difference between carrying value of investments under LAS and their amortized cost under special purpose framework	16,255	-
Difference in allowance for post-employment benefits under LAS and under special purpose framework	(2,452)	-
Difference in recognition in equity instrument between tax base and accounting base	(212,970)	(187,925)
Difference between carrying value of borrowing under LAS and their amortized cost under special purpose framework	(22,316)	-
Deferred tax liabilities (at tax rate 20%)	**(44,297)**	**(37,585)**

28. OTHER LIABILITIES

	30 September 2024 LAKm	*31 December 2023 LAKm*
Items waiting to settlement (i)	658,670	253,938
Defined post-employment benefit plan (ii)	81,523	63,216
Payables to employees	206	34,357
Payable to suppliers	51,998	34,354
Others	37,207	47,256
	829,604	**433,121**

(i) Other liabilities awaiting account transfer or settlement represent transactions such as interbank transfers, card transactions processed through an inter-card center, or other financial activities. These transactions have been initiated but have not yet been fully settled and reconciled between different entities, awaiting settlement with the related entities.

(ii) Changes in defined post-employment benefit plan are as follows:

	For the nine-month period ended 30 September 2024 LAKm	*For the year ended 31 December 2023 LAKm*
Opening balance	**63,216**	**75,310**
Current service cost	3,104	3,146
Interest cost	4,057	4,080
Actuarial changes arising from changes in financial assumption	19,273	(11,334)
Benefits paid	(8,127)	(7,986)
Ending balance	**81,523**	**63,216**

Net benefit expense (recognised in profit or loss):

	For the nine-month period ended 30 September 2024 LAKm	*For the year ended 31 December 2023 LAKm*
Current service cost	3,104	3,146
Interest cost	4,057	4,080
	7,161	**7,226**

29. CHARTER CAPITAL

There has been no change to paid-up capital during the nine-month period then ended 30 September 2024.

30. STATUTORY RESERVES AND OTHER RESERVES

	Regulatory reserve fund LAKm	*Business expansion fund LAKm*	*Total LAKm*
As at 1 January 2024	238,214	673,487	911,701
Appropriation to reserves for the year 2023	30,544	212,583	243,127
As at 30 September 2024	**268,758**	**886,070**	**1,154,828**

Under the requirement of the Law on Commercial Bank dated 16 January 2007, commercial banks are required to appropriate net profit to following reserves:

- Regulatory reserve fund
- Business expansion fund and other funds

In accordance with Article 156, Enterprise Law dated 26 December 2013, the Bank is required to appropriate 10% of profit after tax each year into regulatory reserve fund, after deducting its accumulated losses, if any. When this reserve fund reaches 50% of the registered capital, the Bank may suspend such provision, unless otherwise provided by the by laws.

The Business expansion fund and other funds shall be created upon decision of the Board of Management.

31. 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:

	30 September 2024 LAKm	*31 December 2023 LAKm*
Cash and cash equivalents on hand	6,206,023	5,717,078
Demand deposits with the BOL	8,330,580	15,450,480
Current accounts with other banks	17,523,917	11,804,977
Term deposits due within 3 months	6,819,210	5,166,610
	38,879,730	**37,593,145**

32. CONTINGENT LIABILITIES AND COMMITMENTS

	30 September 2024 LAKm	*31 December 2023 LAKm*
Commitments for financing given to customers	10,263,678	8,711,150
Commitments for financing given to other banks	86,473	36,000
Commitments for financing received	1,657,438	1,816,363
Collaterals and mortgages for loans	70,669,490	60,083,507
Collaterals and mortgages for guarantees given	246,771	238,279
	82,923,850	**70,885,299**

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.

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.

Lease commitments

As at 30 September 2024, the Bank did not entered into any lease contracts as either lessor or lessee which results in future cash inflows and/or outflows.

33. RELATED PARTY DISCLOSURES

Related party transactions include all transactions undertaken with other parties to which the Bank is related. A party is related to the Bank if:

(a) directly, or indirectly through one or more intermediaries, the party:

- controls, is controlled by, or is under common control with, the Bank (this includes parent, subsidiaries and fellow subsidiaries);
- has an interest in the Bank that gives it significant influence over the Bank; or
- has joint control over the Bank.

(b) the party is a joint venture in which the Bank is a venture;

(c) the party is a member of the key management personnel of the Bank or its parent;

(d) the party is a close member of the family of any individual referred to in (a) or (c);

(e) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (d); or

(f) the party is a post-employment benefit plan for the benefit of employees of the Bank, or of any entity that is a related party of the Bank.

Remuneration to members of the key Management was as follows:

	For the nine-month period ended 30 September 2024 LAKm	*For the nine-month period ended 30 September 2023 LAKm*
Salaries	1,630	1,330
Bonus	290	39
Responsibility allowance	883	734
	2,803	**2,103**

33. RELATED PARTY DISCLOSURES (continued)

Significant transactions with related parties during the period are as follows:

Related party	*Note*	*Transactions*	*30 September 2024 LAK*	*31 December 2023 LAK*
The Bank of Lao PDR	(i)	Interest expense from borrowing from BOL	176,097	95,209
The Ministry of Finance of Lao PDR	(ii)	Interest income from investment in MOF's bonds	677,114	121,460

Significant balances with related parties as at 30 September 2024 are as follows:

Related party	*Note*	*Transactions*	*Receivable LAKm*	*Payable LAKm*
Bank of the Lao PDR	(i)	Net change in borrowings from the BOL	-	4,460,821
		Net change in demand deposits at BOL	8,330,580	-
		Net change in compulsory deposits at BOL	9,580,085	-
The Ministry of Finance of Lao PDR	(ii)	Net change in investment in MOF's bonds	18,982,287	-
BCEL - Krung Thai Securities Company Limited	(iii)	Net change in Current account	-	196
		Net change in Saving accounts	-	1,466
Lao Viet Joint Venture Bank	(iv)	Net change in Current account	1,449,299	525,791
		Net change in Term deposits	1,151,980	-
Banque Franco – Lao Company Limited	(iv)	Net change in Current account	-	3,047
		Net change in Term deposits	50,817	-
Lao-Viet Insurance Joint Venture Company	(iv)	Net change in Current account	-	3,879
Lao China Bank Co., Ltd	(iv)	Net change in Current account	25,445	25,450

33. RELATED PARTY DISCLOSURES (continued)

Significant balances with other related parties as at 31 December 2023 are as follows:

Related party	*Note*	*Transactions*	*Receivable LAKm*	*Payable LAKm*
Bank of the Lao PDR	(i)	Net change in borrowings from the BOL	-	4,361,917
		Net change in demand deposits at BOL	15,450,480	-
		Net change in compulsory deposits at BOL	6,228,256	-
The Ministry of Finance of Lao PDR	(ii)	Net change in investment in MOF's bonds	10,927,508	-
BCEL - Krung Thai Securities Company Limited	(iii)	Net change in Current account	-	2,819
		Net change in Saving accounts	-	3,062
Lao Viet Joint Venture Bank	(iv)	Net change in Current account	2,028,764	538,290
		Net change in Term deposits	913,835	-
Banque Franco – Lao Company Limited	(iv)	Net change in Current account	-	10,921
Lao-Viet Insurance Joint Venture Company	(iv)	Net change in Current account	-	869
Lao China Bank Co., Ltd	(iv)	Net change in Current account	64,907	18,203
		Net change in Term deposits	50,311	-

(i) Direct controller
(ii) Direct owner
(iii) Joint venture

34. EARNINGS PER SHARE

Earnings per share ("EPS") is calculated by dividing net profit after tax for the period attributable to ordinary shareholders of the Bank by the weighted average number of ordinary share outstanding during the period.

The following reflects the income and share data used in the earnings per share computation.

	For the nine-month period ended 30 September 2024	*For the nine-month period ended 30 September 2023*
Profit after tax attributable to ordinary equity holders for basic earnings (LAKm)	368,774	202,545
Weighted average number of ordinary shares for basic earnings per share (shares)	207,723,300	207,723,300
Earnings per share (LAK)	1,775	975

35. RISK MANAGEMENT POLICIES

Introduction

Risk is inherent in the Bank's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities.

The primary objective of the Bank in risk management is to comply with the BOL regulations. On the other hand, the Bank has recognized the importance of meeting international best practices on risk management. The Board of Directors and Board of Management, with support from an Asset and Liability Management Committee, are in process to formulate broad parameters of acceptable risk for the Bank and monitor the activities against these parameters.

The Board has appointed Asset and Liability Management Committee which has the responsibility to monitor the overall risk process within the Bank.

The Bank is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to various operating risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Bank's policy is to monitor those business risks through the Bank's strategic planning process.

Risk management structure

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Asset and Liability Management Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk-Compliance Department is responsible for managing risk decisions and monitoring risk levels and reports to the Board of Directors.

The Bank's policy is that risk management processes throughout the Bank are audited annually by the Internal Audit function, which examines both the adequacy of the procedures and the Bank's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

36. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value represents the amount at which an asset could be exchanged or a liability settled on an arms-length basis. As verifiable market prices are not available, market prices are not available for a significant proportion of the Bank's financial assets and liabilities, fair values, therefore, have been based on management assumptions according to the profile of the asset and liability base. In the opinion of the Bank's management, except for bonds issued by the Ministry of Finance, bonds issued by and borrowings from the BOL, the carrying amount of the financial assets and liabilities included in the Interim statement of financial position are a reasonable estimation of their fair values. In making this assessment, the Bank's management assumes that loans are mainly held to maturity with fair values equal to the book value of loans adjusted for allowance for impairment losses.

37. EVENTS AFTER THE REPORTING DATE

There is no matter or circumstance that has arisen since 30 September 2024 that requires adjustment or disclosure in the special purpose interim financial statements of the Bank.

38. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST LAK AT PERIOD END

	30 September 2024 *LAKm*	*30 September 2023* *LAKm*
USD	21,715	20,325
EUR	24,371	21,462
THB	662.80	587.28
GBP	28,787	24,521
JPY	153.20	134.50
AUD	14,989	13,008
CNY	3,036	2,826

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Chief of Internal Audit Department

Approved by:

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

Mrs. Phousengthong Anoulakkham
Deputy Managing Director

Vientiane, Lao PDR

07 November 2024