Head Office

No.055/BCEL.2018

Date: 28 December 2018

Letter of Clarification

To: - Secretary General of the Lao Securities Commission Office;
- CEO of the Lao Securities Exchange;
- BCEL's Shareholders, Investors and all parties concerned.

Re.: Clarification on the semi-annual financial report for the year 2018.

- In accordance with the Regulation on Reporting and Disclosure, No. 007/LSC, dated on 03 April 2014;
- Pursuant to the Regulation on Disclosure, No. 330/LSX, dated on 27 September 2018;
- Pursuant to the notice on the implementation of the International Financial Reporting Standards (IFRS), No. 19/LSC, dated on 23 November 2018;
- In accordance with the notice on the implementation of the International Financial Reporting Standards number 9 (IFRS9), No. 1659/AFD, dated on 14 December 2018.

Banque pour le Commerce Exterieur Lao Public (BCEL) would like to bring to your kind attention that according to the regulations on reporting and disclosure BCEL should have disclosed the semi-annual financial report for the year 2018 reviewed by the independent auditor not later than 29 August 2018. However, the actual practice is later than the specified date. Now, such financial report is complete.

The cause delaying the disclosure is associated with the International Financial Reporting Standards number 9 (IFRS 9 Financial Instrument) which replaces the International Accounting Standards number 39 (IAS 39: Financial Instruments: Recognition and Measurement). In responding to this change, BCEL, at high responsibility, has been focusing on adoption preparation, but it is still unable to fully comply. Therefore, the financial report of BCEL is still using IAS 39 as previous years. According to the notices from regulators, namely, the Lao Securities Commission Office and the Accounting and Finance Department of the Bank of the Lao PDR, BCEL is permitted to postpone the compliance with IFRS9 until further notice.

Nonetheless, the business results of the semi-annual 2018 show that BCEL is able to make profit before tax greater than established target by 139,95% if compare with the plan for the semi-annual 2018 and 69,98% of the 2018 annual plan. To ensure that the financial report fully meets international requirements step by step, BCEL will continue the adoption preparation in order to comply within a suitable timeframe.

Therefore, the clarification is made for your kind attention.

General Managing Director
Banque pour le Commerce Exterieur Lao Public

Phoukhong Chanthachack