Banque Pour Le Commerce Exterieur Lao Public

A Summary of Business Performance For The Year 2015

1. Banque pour le Commerce Exterieur Lao Public

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

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, and its latest Amended Business License No. 4284/BOL dated 11 November 2010 issued by the Bank of Lao People's Democratic Republic. 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 P.D.R. Ministry of Finance holds 80% of the shares which is representative of Government.

On 15 July 2011, the Bank continued to sell 10% of the total ordinary shares to its strategic partner named COFIBRED in accordance with the Ordinary Shares Purchase Agreement between the Ministry of Finance and COFIBRED.

The current structure of BCEL's shareholders includes: The Government's shares account for 70% of the Bank's chartered capital; local investors' shares (including employees of the Bank) account for 10% of the Bank's chartered capital; strategic partners' shares account for 10%; and other foreign investors' proportion of 10%.

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 requests 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 the Bank of Lao P.D.R.

Charter Capital

The charter capital as at 31 December 2015 is LAKm 682,888.

Location and Network

The Bank's Head Office is located at No.01, Pangkham Street, Ban Xiengnheun, Chanthabouly District, Vientiane, Lao P.D.R. As at 31 December 2015, the Bank has one (01) Head Office, one (1) subsidiaries, four (4) joint ventures, nineteen (19) main branches, seventy five (77) services units, and fifteen (15) exchange units all over Lao P.D.R.

2. Vision

BCEL has adopted a vision to achieve its plan and goal as the leading and modern bank with internationally recognized standard. This means that BCEL is determined to develop itself an advanced banking provider to meet customer satisfaction with a quality close to international standards, to receive recognition from customers and other financial institution as the leading commercial bank in Lao PDR and to move with firm steps toward regional and global banking levels.

3. Mission

- Restructure the organization and internal regulations to comply with applicable laws of Laos and BCEL's regulations strictly.
- Forcefully concentrate on internal administration and other risks management.
- Expand the service network into the appropriate and potential areas in the country, alongside with deepening the cooperation with international banking community and collaboration with domestic and foreign banks to effectively serve customers.
- Continue implementation and realization of modernized services as approved by the Board of Directors and the Shareholders' Meeting.
- Research the recapitalization plan for BCEL.
- Develop service system and standardize the MIS.
- Enable payment system to connect with the system of Lao Securities Exchange in order to facilitate securities trading.
- To complete the electronic connection with domestic banks
- Research new products to widen choices of service for the society especially electronic products and others to meet with customer demand
- Pay a close attention to achieve the business plan

4. Organisation Structure.

4.1 The organisation of BCEL consists of the Board of Directors (7 Directors), Executive Management (7 members), 10 Divisions, 3 Centers, 19 Branches, 77 Service Units and 15 Money Changers nationwide.

In 2015, the Annual General Shareholders' Meeting of BCEL approved the new BCEL's Board of Director in accordance with the appointment Number 64/MOF, dated 12 January 2015 and appointment Number 1960/MOF, dated 18 June 2015, which replaced the previous Board member that reach the maximized of excecution. The new Board Member details as follow:

1.	Dr. Bounleua Sinxayvoravong, MOF	Chairman
2.	Mr. Khamsouk Sundara, independent representative	Voice Chairman
3.	Mr. Phoukhong Chanthachack, Acting General Managing Director	Member
4.	Mr. Phansana Khounnouvong, Deputy Managing Director of BCEL	Member
5.	Ms. Khanthaly Vongxayarath, Deputy Managing Director of BCEL	Member
6.	Mr . Viengxay Chanthanvisouk, Chief of Human Resources Division of BCEL	Member
7.	Mr. Marc Robert, COFIBRED representative, on behalf of Strategic Partner	Member

Board of Director of BCEL



Dr. Bounleua Sinxayvoravong
Chairman



Mr. Khamsouk Sundara
Voice Chairman



Mr. Phoukhong Chanthachack
Member



Mr. Phansana Khounnouvong
Member

Board of Director of BCEL



Ms. Khanthaly Vongxayarath
Member



Mr . Viengxay Chanthanvisouk
Member



Mr Marc ROBERT
Member

BCEL Management Team



Mr. Phoukhong Chanthachack
General Managing Director



Mr. Phansana Khounnouvong
Deputy managing Director



Mr. Lachay Khanppravong



Mr. Nanthalath Keopaseuth
Deputy managing



Ms. Khanthaly Vongxayarath
Deputy managing Director



Mr. Khamsian Mingboupha
Deputy managing Director



Mr. Souphak Thinxayphone

5. Performance of the year 2015.

- Completed the restructure of organisation in line with the strategy plan by establishing the Risk Management and AML Division, together with allocating and replacing some staff appropriately over the bank network.
- Reviewed the business performance periodically which showed in the success of the holding of business review meetings in every quarters, the extra-ordinary meeting of BCEL's Board of Director for 1 time, the Ordinary meeting of BCEL's board of Director for 3 times, the Annual General Meeting of BCEL's Shareholders for one time and paid the dividends of the first six months of the year 2015 to shareholders which amounted 173 kip/share
- Established 9 more units nationwide and promoted the good cooperation with internal and external banks. For instance, signing MOU with CIMB on cash collection service, MOU with Yunan Credit Union. Completed the official launch of BCEL' new products including the BCEL Community Money Express (BCOME) in cooperation with UNCDF and BCEL-JCB Credit Card in cooperation with JCB International, BCEL Co-Brand Card in collaboration with BCEL, Lao Airlines company and UnionPay International. Besides, complete the development of I-Bank services Version 3.
- Successfully centralised the management of Branch assets at Head Office.
- Developed the service system including the BCONEX project between BCEL and other Banks: STB, Maruhan Japan Bank and BA.
- Successfully developed the Cash Deposit Machine which accepts the LAK currency and has installed only at the Head office. And BCEL plan to expand this CDM to all branches.
- Continued to undertake the feasibility study the recapitalisation plan for BCEL
- Established risk management system in various areas.
- Moreover, BCEL also received the 2015 Awards from Asian Banking & Finance Magazine and ICT AWARDS 2015 from ASOCIO (Asian-Oceanian Computing Industry Organization) in cooperation with PKOM-ICT Malaysia



ລາງວັນ ICT AWARDS 2015 ຂອງອົງກອນ ASOCIO ຮ່ວມກັບ PKOM ສະມາຄົມ ICT ຂອງປະເທດມາເລເຊຍ



ລາງວັນ Asian Banking & Finance ປະຈຳປີ 2015 ທີ່ປະເທດສິງກະໂປ



ພິທີເປີດການນຳໃຊ້ຜະລິດຕະພັນ BCEL Co-Brand
(ທຄຕລ, ການບິນລາວ ແລະ Union Pay).



ພິທີເປີດການນຳໃຊ້ການເຊື່ອມໂຍງລະບົບ ATM (Bconnex) ລະຫວ່າງ
BCEL ແລະ ທະນາຄານ Maruhan Japan Bank



ພິທີຖະແຫຼງຂ່າວເປີດນຳໃຊ້ຜະລິດຕະພັນ
ບັດ BCEL-JCB Credit Card



ພິທີເປີດການນຳໃຊ້ການເຊື່ອມໂຍງລະບົບ ATM (Bconnex) ລະຫວ່າງ
BCEL ແລະ ທະນາຄານກຸງສີອະຍຸດທະຍາ



ພິທີເປີດການນຳໃຊ້ຜະລິດຕະພັນ ທຄຕລ ບໍລິການເງິນດ່ວນຊຸມຊົນ
(BCOME)



ພິທີຖະແຫຼງຂ່າວເປີດນຳໃຊ້ການຊຳລະບັດນ້ຳມັນຜ່ານ ທຄຕລ

6. Activities of the Board of Directors, the Executive Management, and Committees

- **Board of Director**
  - Completed 1 extra-ordinary meeting and 3 Ordinary meetings of BCEL's Board of Directors to adopt the audit report on BCEL performance and considered the important issues.

  - Paid dividends to BCEL's shareholders for the last six months of the year 2014 amounted for 234 kip/share and the dividend for the first six months of the year 2015 amounted 173 kip/share.

- Approved Mrs. Khanthaly Vongxayyarath as new member of the Board of Directors and Mr. Marc Robert, representative of the strategic partner as member of the Board of Directors.
- Approved the amendment of 3 committees under the Board of Directors.
- Approved the establishment of Risk Management and AML Division.
- Approved Ernst and Young Lao Company Limited as the external auditor for auditing the financial statement in the year 2016.

➢ **Governance Committee**

- Completed 6 meetings of Governance Committee to review and discuss about the management and performance in order to ensure the business meets the established plan:
- Completed the meeting for business review of the year 2014 and quarterly review of quarter 1, 2 and 3 of the year 2015.
- Expanded 9 more Service Units
- Modified the appropriate roles of some division such as: Research, Development and Marketing Division, Corporate and Banking Division, Internal Audit Division, Brach Management Division and Cashier Division.
- Successfully developed the service system including the BCONEX project between BCEL and other Banks: STB, Maruhan Japan Bank and BA.
- Researched for recapitalization of Lao-viet bank. BIDV has already completed for capital injection. BCEL sold 10% of the share to the new shareholder instead of recapitalization.
- Completed the official launch of BCEL' new products including the BCEL Community Money Express (BCOME) with cooperation of UNCDF and BCEL-JCB Credit Card with cooperation of JCB International, BCEL Co-Brand Card in collaboration with BCEL, Lao Airline company and Union Pay
- Completed the amendment of interest rates and other service fees to be more appropriated and to make more income for the bank
- Completed the amendment of BCEL's regulations and policies to be more appropriated.
- Successfully establishment the new division: Risk Management and AML division
- Explored new income sources to BCEL through various investment options.
- Followed up and seek for the best tool to resolve NPL of corporate customers
- Researched for new products of Credit for the retail customer and SMEs, established the special committee to research and expect to release the new products of credit soon
- Researched for the human resource development plan of the year 2016.

- Researched to improve the efficiency of the management, network expansion and set the strategies to attract more customers
- Improve the organisation at Division and branch level

➢ **Risk Management Committee**

- Completed 3 meetings of The Risk Management Committee to discuss about the efficient way to prevent risks, monitor internal audits of BCEL and follow up the eradication of the obstacles and other issues:
- Paid serious attention to onsite audit, checking CCTV for the stable record.
- Closely monitored on the credit risk especially the risks associated with corporate customers, and pay attention to the policies and procedures for loan management and NPL collection.
- Pay attention to the risk associated with treasury business, currency trading and the liquidity in each period.
- Monitor and prevent the IT risks.
- Research to install the fire alarm system in ATM.
- Pay attention to service risks and cash matters.
- Monitor any services that are related to AML matters.

➢ **Audit Committee.**

- Completed 6 Audited Committee meetings to discuss about Internal Audit of BCEL and the performance of the external audit firm; researched and developed the new manual of Internal Audit (IA) and the implementation of IFRS in cooperation with Ernst & Young Lao Company Limited. Completed the audit of BCEL financial statement for the year 2014 by Ernst & Young Lao Limited (E&Y).
- Completed the document examination and review by Bank of the Lao PDR.
- Completed the selection of the External Auditor for the audit work in 2015 and signed the contract for audit service for the year 2015 with Ernst & Young Lao Company Limited.
- Seek for the External audit company for auditing BCEL's financial Statement in the year 2016. And reviewed the performance of previous year from E&Y in order to exchange the lesson and learn how to make the right and fast examination.
- Successfully developed the Internal Audit Manual in the collaboration with E&Y, and the Internal Audit Division will conduct seminar on new Internal Audit Manual for their staff.
- Conducted the annual audit, regular audit and emergency audit as per the direction from the Management on Division and Branch levels and the audit reports ware produced on regular basis.
- Completed the audit of BCEL financial statement for 9 months of the year 2015 by the internal audit committee of BCEL.
- Applied the new IA Manual developed by E&Y.
- Completed the manual for IFRS implementation.

- Monitored and encouraged the staff to follow the 3 procedures of examination. Periodically followed up the solution of the audit findings as commented by the internal and external auditors.
- Monitored the IT system for interest calculation at year-end to prevent any errors.

➢ **The Activities of other sub-committees**

Beside the above committees, BCEL also have Sub-committees such as construction and repair committee, IT development committee, Assets and Liabilities Management Committee, procurement committee and others. Those committees hold meetings regularly and irregularly every month to discuss necessary matters which are crucial for ensuring effective management and satisfaction in customer services.

7. Business performance of BCEL for the year 2015

BCEL can achieve its strategic plan satisfactorily. However, there are some difficulties making some targets unfulfilled.

❖ **Assets:**

The total assets of 2015 reached 25,139 billion kip, an excess of 5.7% of the plan, and increased by 9.7% when compared with the year 2014.

❖ **Fund Mobilization**

BCEL has maintained a strategy to attract deposits from customers as practiced over past years. And BCEL also reinforced this strategy with various improvements in customer service. Besides, BCEL has adjusted the deposit interest rate in accordance with the market conditions. These resulted in a steady deposits growth, which exceeded the plan 5% and grew by 8% from the previous year.

❖ **Extension and management of credits**

In 2015, BCEL extended the loan in total amount of 11,026 billion kip and resolved the NPLs, both on and off the balance sheet in significant amount.

❖ **Profit/Loss.**

In 2015, BCEL made a profit before tax of 147 billion LAK, or about 94.4% of the original target and 94.1% of the figure of last year.

General Managing Director
Banque pour le Commerce Exterieur Lao Public

[signed and seal]

Phoukhong Chanthachack

Note: The figures are based on the consolidated financial report under the International Financial Reporting Standards.