Banque Pour Le Commerce Exterieur Lao Public

A Summary of Business Performance in the First Quarter 2016

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 Banking Business License No. 22/BOL dated on 6 August 2014 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 Enterprise Registration No.0061 dated on 10 January 2011 issued by the Department of Enterprise Registration and Management, Ministry of Industry and Commerce of the Lao P.D.R (recently amended as Enterprise Registration No.167 dated on 3 March 2016). Ministry of Finance representing the Government holds 80% of the shares.

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 March 2016 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 March 2016, the Bank has one (01) Head Office, one (1) subsidiary, four (4) joint ventures, nineteen (19) main branches, seventy eight (78) 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. BCEL is determined to develop itself an advanced banking provider to meet customer satisfaction with 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

In accordance with the Strategy toward the year 2020, BCEL will continue realising the missions adopted by the Shareholders that include: BCEL is committed to advanced banking and international standard that emphasizes customer-centered and excellent services using a combination of skilful employees and modern technology, offers highest benefits to the customers, the shareholders and the employees, and significantly contributes to the national socio-economic development.

In 2016, BCEL has included the following key elements in its plan:

- Operation must be under the principles and the tight finance disciplines.
- Improvement, re-allocation, and restucture in the organization, network and human resources.
- Emphasis on the management in 3 major areas: budget plan, action plan and human resource plan.
- NPL resolution.
- Realisation of Business Plan in the year 2016.
- Product Development and Management.
- Development and utilisation of some necessary instruments (IT system, Corporate Governance, BASEL, IFRS, and KPI)
- Accumulation of equity and recapitalization.
- Establishment of good relationship with new customers; maintenance and enhancement the relationship with current customers (Customers and the bank must grow together).
- Risk management and AML.
- Branch Supervision and Audit.

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, 78 Service Units and 15 Money Changers nationwide.

The current Board of Directors includes:

1. Dr. Bounleua Sinxayvoravong, Director General of the State Budget Department, MOF , Chairman.
2. Mr. Khamsouk Sundara, Independent Director, Vice Chairman
3. Mr. Phoukhong Chanthachack, General Managing Director of BCEL 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 Branch Supervision Division of BCEL Member
7. Mr. Marc Robert, COFIBRED representative, on behalf of the Strategic Partner Member

Board of Directors of BCEL



Dr. Bounleua Sinxayvoravong
Chairman



Mr. Khamsouk Sundara
Voice Chairman



Mr. Phoukhong Chanthachack Member



Mr. Phansana Khounnouvong Member



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. Achievement in the First Quarter 2016

- Completed the Business Review Meeting for the year 2015 and the development the Plan for the year 2016; The Board of Directors Meeting approving various significant in order to submit to the Annual General Shareholders' Meeting for the year 2015; and the disclosure of the resolutions of the Board of Directors' Meeting via the disclosure system of the Lao Securities Exchange.
- Completed the audit reports for the year 2015 by external auditor, in both Lao Accounting Standard (LAS) and International Financial Reporting Standard (IFRS).
- Completed the development of the Bill Payment via ATM with faster flow of data.
- Applied the risk management system for the card products.
- Succeeded in setting up the credit limits of BCEL-UnionPay ATM Cards for both domestic and international use via EDCs.
- Completed the close of BCEL i-Bank Version 2 System and the transfer of the customer information to BCEL i-Bank Version3.
- Succeeded in installing the add on function for Petro-Trade Card Payment. Recently, this add on function is available overall BCEL's network.
- Merged Thatluang Service Unit and Saysettha Service Unit to become the Saysettha Full-Service Unit to save the cost.
- Completed the preparation for the establishment of KM7 Service Unit, which will be officially opened in the second quarter of 2016.

6. The Activities Board of Directors, Management and other Committees.

➢ Board of Directors.

During the first quarter of 2016, BCEL held one meeting of the Board of Directors to discuss and approve important issues as follows:

- Approved the business performance for the year 2015, the allocation of the profit of the year 2015 into various funds, the dividend payment for the second semi-annual 2015 and the business plan for the year 2016, which will be submit to the consideration of the shareholders' meeting.
- Amended the recruitment rules of BCEL.
- Approved the principle for hiring of the consultancy service on management in BCEL for 2016.

- **Governance Committee.**

Completed 2 meetings of the governance committee to consider and discuss on governance issues and the assessment of business plan implementation as follows:

- To consider the annual business plans which include Strategic Plan, Business Plan, Procurement Plan, Human Resource Plan and BCEL's Service Network Expansion Plan for the year 2016.
- To research on the recapitalization of BCEL.
- To consider the amendment of the regulations, rules and policies of BCEL in various areas.
- To review the business performance in each month.

- **Risk Management Committee.**

Completed one meeting of the Risk Management Committee. The meeting discussed the risk management policies of BCEL in various areas and to monitor BCEL's compliance.

- **Internal Audit Committee.**

Completed one meeting of the Internal Audit Committee. The meeting discussed the following issues:

- Followed up and carry out internal auditing in each period of time.
- Improved the guideline for 2nd level auditing.
- Started to apply the internal audit manual
- discussed and researched on the Basel II principles.

- **The activities of the sub-committees in brief.**

Besides the mentioned committees, BCEL also has a number of sub-committees such as: The Repair and Construction Committee, IT Development Committee, Assets and Liabilities Management Committee, Procurement Committee and etc. These committees held the meeting monthly or as requested to discuss the important issues to facilitate and support for customer service of BCEL overall the network on time.

7. **BCEL's Business Performance in the first quarter 2016.**

During the first quarter 2016, BCEL achieved the business performance as follows:

- Total Assets: 26,360 billion LAK, equaled to 96% of the year plan.

- Total Deposits: 23,788 Billion LAK, equaled to 95% of the year plan

- Total Loans: 12,725 Billion LAK, equaled to 91% of the year plan.

- Profit/Loss: in the first quarter of 2016, BCEL achieved the profit before tax of 21.3 Billion LAK, which equals to 14% of the year plan.

General Managing Director
Banque pour le Commerce Exterieur Lao Public

[signed and seal]

Phoukhong Chanthachack

Note: The business performance figures in the first quarter of 2016 are based on the consolidated financial report under the International Financial Reporting Standards.