

Banque Pour Le Commerce Extérieur Lao Public

Report of Management and

Audited Separate Financial Statements in accordance with
the Enterprise Accounting Law of Lao P.D.R and other
relevant accounting regulations as stipulated by Bank of
Lao P.D.R

as at and for the year ended 31 December 2012

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.

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, and its Amended Business Licenses with the 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.

The Bank was equitized and renamed into Banque Pour Le Commerce Exterieur Lao Public on 10 January 2011 under the Operating License No. 0061/LRO dated 10 January 2011 issued by the Business License Registration Office of the Lao P.D.R. On 15 July 2011, the Bank continued to sell 10% of the total ordinary shares (equivalent 13,657,760 shares) to its strategic partner named Cofibred in accordance with the Ordinary Shares Purchase Agreement between the Ministry of Finance and Cofibred. Accordingly, Cofibred paid fully to the Ministry of Finance the total purchased price of LAK 150,235,349,000 from 25 July to 29 July 2011.

As at 31 December 2012, the Government’s shares account for 70% of the Bank’s chartered capital which is equivalent to 95,604,320 shares; local investors’ shares (including employees of the Bank) account for 15% of the Bank’s chartered capital which is equivalent to 20,486,640 shares; strategic partners’ shares account for 10% of the Bank’s chartered capital which is equivalent to 13,657,760 shares; and other foreign investors’ proportion of 5% is equivalent to 6,828,880 shares.

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 and advances 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 the Bank of Lao P.D.R.

Chartered Capital

The actual chartered capital as at 31 December 2012 is LAKm 682,888. (As at 31 December 2011: 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 2012, the Bank has one (01) Head Office, two (2) subsidiaries, three (3) joint ventures, eighteen (18) main branches, thirty eight (38) services units, and ten (10) exchange units all over Lao P.D.R

Subsidiaries

As at 31 December 2012, the Bank has two (02) subsidiaries as follows:

<i>Name</i>	<i>Established in accordance with Business License No.</i>	<i>Business sector</i>	<i>% owned by the Bank</i>
BCEL Leasing Company	011/09 dated 17 November 2009 by the Investment Promotion Department of the Ministry of Planning and Investment of the Lao P.D.R	Leasing	100%
BCEL - KT Securities Company Limited	180-10 dated 14 December 2010 by the Investment Promotion Department of the Ministry of Planning and Investment of the Lao P.D.R	Securities	70%

Banque Pour Le Commerce Exterieur Lao Public

GENERAL INFORMATION (continued)

THE BANK (continued)

Joint ventures

As at 31 December 2012, the Bank has three (03) joint ventures as follows:

<i>Name</i>	<i>Business License No.</i>	<i>Business Sector</i>	<i>% owned by the Bank</i>
Lao Viet Joint Venture Bank	01/NHNN dated 31 March 2000 by the Bank of Lao P.D.R	Banking & Finance	35%
Banque Franco - Lao Limited	121-09/MPI dated 26 August 2009 by the Ministry of Planning and Investment of the Lao P.D.R	Banking & Finance	46%
Lao-Viet Insurance Joint Venture Company	077/08/FIMC dated 09 June 2008 by the Foreign Investment Management Committee of the Lao P.D.R	Insurance	29%

BOARD OF DIRECTORS

The members of the Board of Directors during the year 2012 and at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment/resignation</i>
Mr. Saysamone Xaysoulane	Chairman	Appointed on 26 March 2012
Mr. Kamsouk Sundara	Vice Chairman	Appointed on 26 March 2012
Mr. Vanhkhram Voravong	Member	Reappointed on 26 March 2012
Mr. Phoukhong Chanthachack	Member	Appointed on 26 March 2012
Mr. Vilay Sipaphone	Member	Appointed on 26 March 2012
Mr. Khamhou Thongthavy	Member	Reappointed on 26 March 2012
Mr. Yves Jackquot	Member	Appointed on 26 March 2012
Mrs. Viengthong Siphandone	Chairman	Resigned on 26 March 2012
Mr. Khamlien Pholsena	Vice Chairman	Resigned on 26 March 2012
Mr. Sonexay Sitphasay	Member	Resigned on 26 March 2012
Mr. Onekeo Damlongboun	Member	Resigned on 26 March 2012
Mrs. Palamy Souannavong	Member	Resigned on 26 March 2012

BOARD OF MANAGEMENT

The members of the Board of Management during the year 2012 and at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mr. Vanhkhram Voravong	General Managing Director	Appointed on 13 January 2012
Mr. Onekeo Damlongboun	Deputy Managing Director	Appointed on 02 February 2007
Mr. Phoukhong Chanthachack	Deputy Managing Director	Appointed on 08 May 2005
Mr. Phansana Khounnouvong	Deputy Managing Director	Appointed on 06 June 2008
Ms. Souphaiphone Manothum	Deputy Managing Director	Appointed on 24 January 2012
Mr. Vilay Sipaphone	Deputy Managing Director	Appointed on 24 January 2012

LEGAL REPRESENTATIVE

The legal representative of the Bank during the year 2012 and at the date of this report is Mr. Vanhkhram Voravong - General Managing Director.

AUDITORS

The auditors of the Bank are Ernst & Young Lao Limited.

Banque Pour Le Commerce Extérieur Lao Public

REPORT OF MANAGEMENT

The Board of Management of Banque Pour Le Commerce Extérieur Lao Public ("the Bank") is pleased to present its report and the Bank's separate financial statements as at and for the year then ended 31 December 2012.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

The Bank's Management is responsible for preparation of the separate financial statements of each financial year which give a true and fair view of the separate financial position of the Bank and of its separate operational results and separate cash flows for the year in accordance with the Enterprise Accounting Law of the Lao P.D.R and other relevant accounting regulations as stipulated by Bank of Lao P.D.R. In preparing those separate financial statements, the management of the Bank is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgments and estimates that are reasonable and prudent; and
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the separate financial statements.

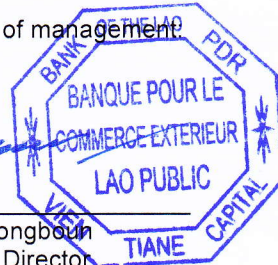
The Bank's Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Bank and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Bank's Management has confirmed to the Board of Directors that the Bank has complied with the above requirements in preparing the separate financial statements as at and for the year then ended 31 December 2012.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Bank as at 31 December 2012 and of the unconsolidated results of its operations and its unconsolidated cash flows for the year then ended in accordance with the Enterprise Accounting Law of Lao P.D.R and relevant accounting regulations stipulated by the Bank of Lao P.D.R.

For and on behalf of management



Mr. Onekeo Damlongboun
Deputy Managing Director

Vientiane, Lao P.D.R

15 March 2013

Reference: 60790273/15602893

INDEPENDENT AUDITORS' REPORT

To: **The shareholders**
Banque Pour Le Commerce Exterieur Lao Public

We have audited the accompanying separate financial statements of Banque Pour Le Commerce Exterieur Lao Public ("the Bank") as set out on pages 5 to 37, which comprise the separate balance sheet as at 31 December 2012, the separate income statement, the separate statement of changes in equity and the separate cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the Enterprise Accounting Law of Lao P.D.R and other relevant accounting regulations stipulated by the Bank of Lao P.D.R, and for such internal controls as management determines is necessary to enable the preparation of these separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Bank's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements present fairly, in all material respects the separate financial position of the Bank as at 31 December 2012, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Enterprise Accounting Law of Lao P.D.R and relevant accounting regulations stipulated by the Bank of Lao P.D.R.


Vientiane, Lao P.D.R
15 March 2013



Banque Pour Le Commerce Extérieur Lao Public

SEPARATE INCOME STATEMENT
for the year ended 31 December 2012

Currency: LAKm

Code	ITEMS	Notes	2012	2011
A.	OPERATING INCOME AND EXPENSES			
1.	Interest and similar income	3	707,032	443,698
1.1	Interest and similar income from interbank		31,616	22,578
1.2	Interest and similar income from customers		540,427	324,271
1.3	Other interest and similar income		134,989	96,849
2.	Interest and similar expense	3	(375,722)	(264,815)
2.1	Interest and similar expense for interbank		(5,832)	(22,226)
2.2	Interest and similar expense for customers		(369,890)	(242,589)
2.3	Other interest and similar income		-	-
I.	NET INTEREST AND SIMILAR INCOME	3	331,310	178,883
3	Net gain from trading gold and other precious metals	7	7,206	14,711
8	Net gain from equity investments	4	13,078	16,626
9	Fee and commission income	5	171,812	152,002
10	Fee and commission expense	6	(18,247)	(9,451)
11	Net gain/(loss) from securities investment		-	(2,326)
12	Net gain from dealing in foreign currencies	7	82,986	65,210
II.	NET OPERATING INCOME		588,145	415,655
B	OTHER INCOME AND EXPENSES			
15	Other operating income	8	132,153	50,955
16	Administration expenses		(245,391)	(201,446)
16.1	Payroll and other staff costs	9	(186,052)	(114,497)
16.2	Other administrative expenses	10	(55,246)	(65,972)
16.3	Other expenses		(4,093)	(20,977)
17	Depreciation and amortization charges		(40,301)	(29,383)
18	Other operating expenses	11	(129,953)	(30,332)
19	Net specific provision (charges)/reversal for loans and advances to customers	15.5	(35,004)	7,374
19.1	Specific provision expenses for loans and advances to customers	15.5	(125,681)	(37,442)
19.2	Reversal of specific provision for loans and advances to customers	15.5	90,677	44,816
III.	TOTAL PROFIT BEFORE TAX		269,649	212,823
23	Current enterprise income tax	26.1	(59,056)	(61,059)
IV.	PROFIT AFTER TAX		210,593	151,764
	Earnings per share (LAK)	29	1,542	1,111

Prepared by:
Mr. Phonenalath Kongvongsa
Accountant

Approved by:
Mrs. Lammaniseng Sayaphet
Chief of Accounting Division

Approved by:
Mr. Onekeo Damlongbourn
Deputy Managing Director



Vientiane, Lao P.D.R

15 March 2013

Banque Pour Le Commerce Extérieur Lao Public

SEPARATE BALANCE SHEET
as at 31 December 2012

Currency: LAKm

Code	ASSETS	Notes	31 December 2012	31 December 2011
I	Cash and accounts with the BOL	12	2,715,301	2,697,184
	1. Cash on hand		1,132,745	991,542
	2. Demand deposits		1,555,943	1,593,367
	3. Term deposits		26,613	112,275
II	Amounts due from other banks	13	2,547,279	2,097,555
	1. Demand deposits		1,430,005	1,199,301
	2. Term deposits		759,228	702,656
	3. Loans to other banks, net of specific provisions		358,046	195,598
III	Securities purchased under resale agreements		-	-
IV	Investment in securities	14	1,670,902	2,144,806
	1. Trading securities		-	-
	2. Available-for-sale securities	14.1	125,000	97,674
	3. Held-to-maturity securities	14.2	1,545,902	2,047,132
V	Loans and advances to customers, net of specific provisions	15	6,902,630	5,141,557
VI	Investment in subsidiaries, joint-ventures and other long-term investment	17	426,967	287,899
VII	Fixed assets		503,580	301,527
	1. Construction in progress and fixed assets in transit		76,317	109,936
	2. Intangible fixed assets	18	186,856	42,569
	3. Tangible fixed assets	19	240,407	149,022
VIII	Other assets		180,384	143,744
	1. Accrued interest receivables	20	98,442	74,987
	2. Other assets	21	81,942	68,757
	TOTAL ASSETS		14,947,043	12,814,272

Banque Pour Le Commerce Extérieur Lao Public

SEPARATE BALANCE SHEET (continued)
as at 31 December 2012

Currency: LAKm

Code	LIABILITIES AND CAPITAL	Notes	31 December 2012	31 December 2011
I	Amounts due to other banks	22	924,700	1,162,556
	1. Demand deposits		862,910	1,069,856
	2. Borrowings from other banks		60,067	66,664
	3. Other payables to other banks		1,723	26,036
II	Amounts due to customers	23	12,768,162	10,527,328
	1. Demand and saving deposits		8,430,635	7,351,075
	2. Term deposits		4,172,639	3,093,137
	3. Other payables to customers		164,888	83,116
III	Other liabilities		241,826	187,805
	1. Accrued interest payable	24	63,888	50,337
	2. Tax payables to the State	26.2	54,819	57,005
	3. Other liabilities	25	123,119	80,463
	TOTAL LIABILITIES		13,934,688	11,877,689
IV	Capital and reserves		1,012,355	936,583
	1. Chartered capital		682,888	682,888
	2. Regulatory reserve fund		40,440	19,380
	3. Business expansion fund		143,352	73,857
	4. General provision for credit activities	16	85,187	54,395
	5. Retained earnings		60,488	106,063
	TOTAL CAPITAL		1,012,355	936,583
	TOTAL LIABILITIES AND CAPITAL		14,947,043	12,814,272

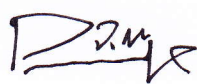
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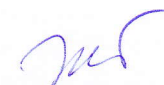
SEPARATE BALANCE SHEET (continued)
as at 31 December 2012

Currency: LAKm

Code	OFF BALANCE SHEET ITEMS	Notes	31 December 2012	31 December 2011
I	Commitments given			
A	Commitments for financing given		1,667,757	1,088,142
1	- Commitments for financing given to other banks		-	-
2	- Commitments for financing given to customers		1,667,757	1,088,142
B	Commitments for guarantees given		180,857	136,988
1	- Commitments for guarantees given to other banks		-	-
2	- Commitments for guarantees given to customers		172,027	136,988
	TOTAL COMMITMENTS GIVEN		1,839,784	1,225,130

Code	OFF BALANCE SHEET ITEMS	Notes	31 December 2012	31 December 2011
II	Collaterals and Mortgages			
A	Collaterals and Mortgages for loans		18,263,812	10,565,424
1	- Collaterals and Mortgages for loans to other banks		-	-
2	- Collaterals and Mortgages for loans to customers		18,263,812	10,565,424
B	Collaterals and Mortgages for guarantees given		229,370	-
1	- Collaterals and Mortgages for guarantees given to other banks		-	-
2	- Collaterals and Mortgages for guarantees given to customers		229,370	-
	TOTAL COLLATERALS AND MORTGAGES		18,493,182	10,565,424


Prepared by:
Mr. Phonenalath Kongvongsa
Accountant


Approved by:
Mrs. Lammaniseng Sayaphet
Head of Accounting Division


Approved by:
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Deputy Managing Director



Vientiane, Lao P.D.R

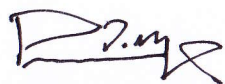
15 March 2013

Banque Pour Le Commerce Exterieur Lao Public

SEPARATE STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2012

Currency: LAKm

	<i>Chartered capital</i>	<i>Regulatory reserve fund</i>	<i>Business expansion fund</i>	<i>General provision for credit activities (Note 16)</i>	<i>Retained earnings</i>	<i>Total</i>
Balances as at 1 January 2012	682,888	19,380	73,857	54,395	106,063	936,583
Dividend paid to shareholders	-	-	-	-	(165,613)	(165,613)
Net profit for the year 2012	-	-	-	-	210,593	210,593
Appropriation to reserves for the year 2012	-	21,060	69,495	-	(90,555)	-
Net general provision expense for credit activities for the year	-	-	-	30,715	-	30,715
Foreign exchange differences	-	-	-	77	-	77
Balances as at 31 December 2012	682,888	40,440	143,352	85,187	60,488	1,012,355



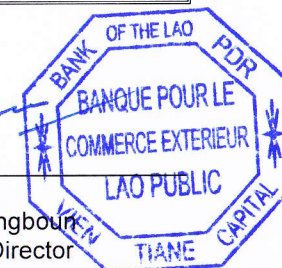
Prepared by:
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Approved by:
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Head of Accounting Division



Approved by:
Mr. Onekeo Damlongboun
Deputy Managing Director



Vientiane, Lao P.D.R

15 March 2013

Banque Pour Le Commerce Extérieur Lao Public

SEPARATE CASH FLOW STATEMENT for the year ended 31 December 2012

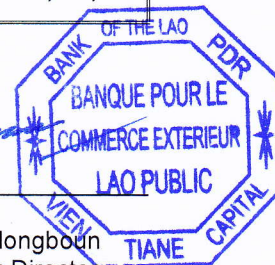
Currency: LAKm

	Notes	2012	2011
Net profit after tax		210,593	151,764
<i>Adjustments for:</i>			
Corporate tax expenses		59,056	61,059
Depreciation and amortization expenses		40,301	29,383
Provision for credit losses		65,719	18,358
Provision for impairment of investment in securities		-	2,326
(Profits) from investing activities		(13,078)	(16,626)
Cash flows from operating profit before changes in operating assets and liabilities		362,591	246,264
(Increase)/Decrease in operating assets			
Balances with other banks		29,089	73,315
Loans and advances to customers		(1,958,856)	(2,428,535)
Accrued interest income		(23,454)	(36,125)
Other assets		(13,185)	(35,360)
(Increase)/Decrease in operating liabilities			
Amounts due to other banks		(237,856)	491,699
Customer deposits and other amounts due to customers		2,240,833	2,688,717
Corporate tax paid during the year	26.2	(61,242)	(54,620)
Other liabilities		56,209	(87,483)
Net cash flows from operating activities		394,129	857,872
INVESTING ACTIVITIES			
Purchase and construction of fixed assets		(243,803)	(142,510)
Proceed from disposals assets		1,448	-
Investment in securities		473,904	(717,336)
Payments for investments in other entities		(139,068)	(49,000)
Interest and dividends received		13,078	3,752
Net cash flows from/(used in) investing activities		105,559	(905,094)
FINANCING ACTIVITIES			
Capital contribution and issuance of shares		-	-
Drawdown of borrowings		-	-
Repayment of borrowings		-	(11,902)
Payment of dividend		(165,613)	(24,319)
Net cash flows used in financing activities		(165,613)	(36,221)
Net increase/(decrease) in cash and cash equivalents		334,075	(83,443)
Cash and cash equivalents at the beginning of the year		3,784,210	3,868,123
Effect of foreign exchange difference		408	(470)
Cash and cash equivalents at the end of the year	27	4,118,693	3,784,210

Prepared by:
Mr. Phonelath Kongvongsa
Accountant

Approved by:
Mrs. Lammaniseng Sayaphet
Head of Accounting Division

Approved by:
Mr. Onekeo Damlongboun
Deputy Managing Director



Vientiane, Lao P.D.R

15 March 2013

Banque Pour Le Commerce Exterieur Lao Public

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
as at and for the year ended 31 December 2012

1. CORPORATE INFORMATION

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Establishment and Operations

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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 and advances 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 the Bank of Lao P.D.R.

Chartered Capital

The actual chartered capital as at 31 December 2012 is LAKm 682,888. (As at 31 December 2011: LAKm 682,888).

Location and Network

The Bank's Head Office is located at No. 01, Pangkham Street, Ban Xiengneun, Chanthabouly District, Vientiane, Lao P.D.R. As at 31 December 2012, the Bank has one (01) Head Office, two (2) subsidiaries, three (3) joint ventures, eighteen (18) main branches, thirty eight (38) services units, and ten (10) exchange units all over Lao P.D.R.

Banque Pour Le Commerce Extérieur Lao Public

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

1. CORPORATE INFORMATION (continued)

Board of Directors

The members of the Board of Directors during the year 2012 and at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment/resignation</i>
Mr. Saysamone Xaysouliane	Chairman	Appointed on 26 March 2012
Mr. Kamsouk Sundara	Vice Chairman	Appointed on 26 March 2012
Mr. Vanhkhram Voravong	Member	Reappointed on 26 March 2012
Mr. Phoukhong Chanthachack	Member	Appointed on 26 March 2012
Mr. Vilay Siphaphone	Member	Appointed on 26 March 2012
Mr. Yves Jackquot	Member	Appointed on 26 March 2012
Mr. Khamhou Thongthavy	Member	Reappointed on 26 March 2012
Mrs. Viengthong Siphandone	Chairman	Appointed on 17 September 2007 Resigned on 26 March 2012
Mr. Khamlien Pholsena	Vice Chairman	Appointed on 17 September 2007 Resigned on 26 March 2012
Mr. Sonexay Sitphasay	Member	Appointed on 16 March 2003 Resigned on 26 March 2012
Mr. Onekeo Damlongboun	Member	Appointed on 17 September 2007 Resigned on 26 March 2012
Mrs. Palamy Souannavong	Member	Appointed on 17 September 2007 Resigned on 26 March 2012

Board of Management

The members of the Board of Management during the year 2012 and at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mr. Vanhkhram Voravong	General Managing Director	Appointed on 13 January 2012
Mr. Onekeo Damlongboun	Deputy Managing Director	Appointed on 02 February 2007
Mr. Phoukhong Chanthachack	Deputy Managing Director	Appointed on 08 May 2005
Mr. Phansana Khounnouvong	Deputy Managing Director	Appointed on 06 June 2008
Ms. Souphaiphone Manothum	Deputy Managing Director	Appointed on 24 January 2012
Mr. Vilay Sipaphone	Deputy Managing Director	Appointed on 24 January 2012

Banque Pour Le Commerce Extérieur Lao Public

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

1. CORPORATE INFORMATION (continued)

Subsidiaries

As at 31 December 2012, the Bank has two (02) subsidiaries as follows:

<i>Name</i>	<i>Established in accordance with Business License No.</i>	<i>Business sector</i>	<i>% owned by the Bank</i>
BCEL Leasing Company	011/09 dated 17 November 2009 by the Investment Promotion Department of the Ministry of Planning and Investment of the Lao P.D.R	Leasing	100%
BCEL – KT Securities Company Limited	180-10 dated 14 December 2010 by the Investment Promotion Department of the Ministry of Planning and Investment of the Lao P.D.R	Securities	70%

Joint ventures

As at 31 December 2012, the Bank has three (03) joint ventures as follows:

<i>Name</i>	<i>Business License No.</i>	<i>Business Sector</i>	<i>% owned by the Bank</i>
Lao Viet Joint Venture Bank	01/NHNN dated 31 March 2000 by the Bank of Lao P.D.R	Banking & Finance	35%
Banque Franco - Lao Limited	121-09/MPI dated 26 August 2009 by the Ministry of Planning and Investment of the Lao P.D.R	Banking & Finance	46%
Lao-Viet Insurance Joint Venture Company	077/08/FIMC dated 09 June 2008 by the Foreign Investment Management Committee of the Lao P.D.R	Insurance	29%

Employees

Total number of employees of the Bank and its subsidiaries as at 31 December 2012 is 1,234 persons (as at 31 December 2011: 1,022 persons).

Banque Pour Le Commerce Exterieur Lao Public

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these separate financial statements are set out below:

2.1 *Statement of compliance with the Enterprise Accounting Law of Lao P.D.R and other relevant accounting regulations as stipulated by the Bank of Lao P.D.R*

Management of the Bank states that the accompanying separate financial statements have been prepared in compliance with the Enterprise Accounting Law of Lao P.D.R and other relevant accounting regulations as stipulated by the Bank of Lao P.D.R.

2.2 *Basis of preparation*

The Bank maintains its records in Lao Kip ("LAK") and prepared its separate financial statements in million of LAK ("LAKm") in accordance with Decree No. 02/PR by the Prime Minister of Lao P.D.R dated 26 December 2012 and the Enterprise Accounting Law of Lao P.D.R and other relevant accounting regulations as stipulated by Bank of the Lao P.D.R ("LAS").

The accompanying separate financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Lao P.D.R. Accordingly, the accompanying separate financial position, the separate income statement, the separate statement of changes in equity, the separate cash flow statement and the notes thereto are not designed for those who are not informed about Lao P.D.R's accounting principles, procedures and practices and furthermore are not intended to present the financial position of the Bank and results of its operations and its cash flows in accordance with accounting principles and practices generally accepted in countries other than Lao P.D.R.

2.3 *Fiscal year*

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

2.4 *Recognition of interest income and expense*

Interest income and expense are recognized in the separate income statement on accrual basis using straight line method and the interest rates as stipulated in the lending/depositing contracts with clients.

The recognition of accrued interest income is suspended when the loans becoming non-performing or when the management believes that the borrower has no ability to repay the interest and principal. Interest income on such loans is only recorded in the separate income statement when actually received.

2.5 *Recognition of fee and commission income*

Fees and commissions consist of fees received for fund transfer (including cheque settlement), fees arising from foreign currency exchange transactions, fees arising from financial guarantees.

Fee and commission income is recognized in the separate income statement on cash basis.

Banque Pour Le Commerce Exterieur Lao Public

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

2.6 *Recognition of dividend income*

Dividend income on equity investment is recognized in the separate income statement when the Bank's right to receive the payment is established.

2.7 *Cash and cash equivalents*

Cash and cash equivalents consist of cash and highly liquid short-term investments with an original maturity of less than 30 days that are readily convertible to known amounts of cash and accounts due from banks with original maturity of less than 30 days.

2.8 *Loans and advances to customers*

Loans and advances to customers are recognized at cost and presented at outstanding balance less specific provision for loans and advances to customers as at 31 December 2012.

2.9 *Specific provision for loans and advances to customers*

In accordance with Regulation 324/BOL ("BOL324") dated 19 April 2011, the Bank is required to classify loans and create provision for impairment losses. Accordingly, loans are classified into Performing loans or Non-performing loans based on the payment arrears status and other qualitative factors. Loans classified as either Normal or Pass (Group A) or Watch or Special mention (Group B) are considered as Performing loans. Loans classified as either Substandard (Group C) or Doubtful (Group D) or Loss (Group E) are considered as Non-performing loans.

According to BOL324, provision for loans and advances to customers is established by multiplying the outstanding balance of each loan item with the provision rates applicable to that loan classification as follows:

Group	Category	Specific provision rate
A	Normal or Pass	0%
B	Watch or Special mention	0%
C	Substandard	20%
D	Doubtful	50%
E	Loss	100%

Changes in specific provision is recorded to the income statement as "Net specific provision charges/(reversal) for loans and advances to customers". Accumulated specific provision reserve is recorded in the balance sheet in "Loans and advances to customers, net of specific provisions".

Details on the loan classification and specific provision and the provision amount that are actually booked by the Bank as at 31 December 2012 are presented in Note 15.5.

Banque Pour Le Commerce Exterieur Lao Public

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

2.10 *General provision for credit activities*

In accordance with BOL324, a general provision is created for credit activities with both other banks and customers which are yet to be identified during the loan classification process and in specific provision as well as in case of the Bank's potential financial difficulty due to deterioration in loan quality. Accordingly, the Bank is required to create a general provision for loan losses at the rate 3.00% of the total balance of Special Mention loans as at the balance sheet date and general provision made for Normal loans shall be upon the BOL's notification for each year. For the year ended 31 December 2012, the general provision rate for Normal loans is ranging from 0.5 to 1% in accordance with the Official Letter No. 242/BOL issued by the Bank of Lao PRD on 2 April 2011. Accordingly, the Bank provided general provision at rate of 1% out of total balance of Normal loans.

The Bank complied with BOL's regulations on general provision provided for Normal and Special loans for the year ended 31 December 2012.

In accordance with the relevant accounting regulations as stipulated by the Bank of Lao P.D.R, any changes in general provision for credit activities are recorded to the separate income statement as "Other operating expenses" for general provision expense and "Other operating income" for reversal of general provision expense and the balance of general provision reserve is recorded in the financial position in "General provision for credit activities" under capital and reserves of the Bank.

Details of change in general provision for credit activities are presented in Note 16.

2.11 *Investment securities*

2.11.1 *Held-to-maturity securities*

Held-to-maturity investment securities are debt securities with fixed or determinable payments and maturities, which the Bank has intention and ability to hold to maturity for interest earnings. These securities will not be sold before maturity date or reclassified as trading securities or available-for-sale securities. These securities have determined values and maturities. When they are sold before maturity date, these securities will be reclassified as trading securities or available-for-sale securities.

Held-to-maturity securities are initially recognized at cost and subsequently presented at cost for the following years.

Periodically, the held-to-maturity securities are subject to review for impairment. Provision for impairment of these securities is made when there has been a significant or prolonged decline in the fair value below their cost. Provision for impairment is recognized as "Net gain/(loss) from securities investment in the separate income statement.

2.11.2 *Available-for-sale securities*

Available-for-sale investments include equity instruments and other debt instruments that the Bank has intention to hold for investment and that are ready for trading. These securities are not frequently traded but could be sold at any time the transactions yield benefit.

Available-for-sale equity securities are initially recognized at cost and subsequently presented at cost for the following years.

Periodically, the available-for-sale securities are subject to review for impairment. Provision for impairment of these securities is made when there has been a significant or prolonged decline in the fair value below their cost. Provision for impairment is recognized as "Net gain/(loss) from securities investment" in the separate income statement

Banque Pour Le Commerce Exterieur Lao Public

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

2.12 *Investments in subsidiaries*

Investments in subsidiaries over which the Bank has control are accounted for under the cost method of accounting. Distributions from accumulated net profits of the subsidiaries arising subsequent to the date of acquisition are recognised in the separate income statement. Distributions from sources other than from such profits are considered as a recovery of investment and are deducted from the cost of the investment.

Details of investments in subsidiaries are presented in Note 17.

2.13 *Investment in joint ventures*

The Bank's investment in joint ventures is recognized at cost and subsequently reflected at cost on the separate balance sheet. Dividend and income transferred from the joint ventures are recognized in the separate income statement as "Gain/(loss) from equity investment".

The investments in Lao Viet Joint Venture Bank and Lao-Viet Insurance Joint Venture Company were made in the United States dollar ("USD"). Accounting policies applicable for the translation of capital contributed to Lao Viet Joint Venture Bank and Lao-Viet Insurance Joint Venture Company is derived from the guidance issued by the BOL. On 28 January 2010, the Bank of Lao P.D.R issued a guidance to allow commercial banks to translate the paid-up capital which is contributed in foreign currencies into Lao Kip by using the BOL exchange rate on the separate balance sheet date of 31 January 2010.

Details of the Bank's investment in joint ventures are presented in Note 17.

2.14 *Fixed assets*

Fixed assets include tangible, intangible fixed assets and land use right. Tangible fixed assets consist of buildings, furniture and fixtures, office equipments, vehicles and others. Intangible fixed assets consist of computer software.

Fixed asset are stated at cost less accumulated depreciation, if any.

The cost of an asset comprises its purchase price plus any directly attributable costs of bringing the asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are capitalized and expenditures for maintenance and repairs are charged to the separate income statement, if any.

When assets are sold or retired, their cost and accumulated depreciation are removed from the separate balance sheet and any gains or losses resulting from their disposal are posted to the separate income statement.

2.15 *Depreciation and amortization*

Depreciation and amortization of fixed assets are provided on the straight line basis at prescribed rates over their estimated useful life in accordance with the Lao Tax Law No.001 dated 1 March 2011 stipulated by the President of the National Assembly. The following are the annual rates used:

Buildings & improvements	5%
Office equipments	10%
Furniture & fixtures	10%
Motor vehicles	20%
Land use right (*)	No amortization
Software	20%

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

Banque Pour Le Commerce Exterieur Lao Public

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

2.16 Statutory reserves

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

- ▶ Regulatory reserve fund;
- ▶ Business expansion fund and other funds

In accordance with the Regulation on capital adequacy No.1/BOL dated 28 August 2002 by the Governor of the Bank of Lao P.D.R and other relevant guidance, commercial banks are required to provide regulatory reserve fund at the rate between 5% to 10% of profit after tax depending on decision of the Board of Directors. The Business expansion fund and other shall be created upon decision of the Board of Directors. In 2012, Board of Director decision for the rate of Business expansion fund is 33% (2011: 20%). Accordingly, the Bank has provided the following reserves for the year 2012:

Reserve	% of profit after tax
Regulatory reserve fund	10%
Business expansion fund	33%

2.17 Taxation

Provision is made for taxation on the current year's profits, based on the Tax Law governing taxation within Lao P.D.R. The Bank is obliged to pay tax at rate of 28% on total profit before tax in accordance with the new Tax Law No.001 dated 1 March 2011 which is effective on or after 1 January 2012 (2011: the Bank is obliged to pay the higher amount of tax between 35% on total profit before tax and 1% on total revenue in accordance with the old Tax Law No.04/NA dated 19 May 2005). Additionally, in accordance with Decree 001 dated 28 December 2010 issued by the President of Laos P.D.R, the tax rate for listed companies is reduced by 5% within 4 year from the listed date. Accordingly, the Bank is subject to the tax rate of 23% for the year ended 31 December 2012 (2011: 30%). 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 separate financial statements could be changed at a later date upon final determination by the tax authorities.

2.18 Foreign currency transactions

The Bank maintains its accounting system and records all transactions in original currencies. Monetary assets and liabilities denominated in foreign currencies at year end are translated into LAK at exchange rates ruling on the separate balance sheet date (see the list of exchange rates of applicable foreign currencies against LAK on 31 December 2012 as presented below). Income and expenses arising in foreign currencies during the year are converted into LAK at month end rates. Unrealized exchange differences arising from the translation of monetary assets and liabilities on the balance sheet date are recognized in the separate income statement.

	31/12/2012 LAK	31/12/2011 LAK
USD	7,968.00	8,007.00
EUR	10,541.00	10,349.00
THB	260.39	256.38
GBP	12,636.00	12,136.00
CHF	8,596.00	8,370.00
JPY	90.66	101.30
SGD	6,604.00	5,998.00
CAD	7,885.00	7,717.00
AUD	8,136.00	7,996.00

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

2.19 Employee benefits

Post employment benefits

Post employment benefits are paid to retired employees of the Bank by the Social Security Fund Department which belongs to the Ministry of Labour and Social Welfare. The Bank is required to contribute to these post employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 6.00% of employee's basic salary on a monthly basis. The Bank has no further obligation concerning post employment benefits for its employees other than this.

Termination benefits

In accordance with Article 29 of the Amended Labour Law issued by the President of the Lao People's Democratic Republic on 16 January 2007, 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 basis, 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 for the worker who has worked for less than three years. For workers who have worked for more than three years, the basis of calculation shall be 15%. As at 31 December 2012, 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 financial statements.

3. NET INTEREST AND SIMILAR INCOME

	<i>2012</i> <i>LAKm</i>	<i>2011</i> <i>LAKm</i>
Interest and similar income:	707,032	443,698
Interest income due from other banks	31,616	22,578
Interest income from loans and advances to customers	540,427	324,271
Other interest and similar income	134,989	96,849
- <i>Interest income from held-to-maturity securities</i>	131,109	95,512
- <i>Other income from credit activities</i>	3,880	1,337
Interest and similar expense:	(375,722)	(264,815)
Interest expense from due to other banks	(5,832)	(22,226)
Interest expense from customer deposits	(369,890)	(242,589)
Other interest and similar expenses	-	-
Net interest and similar income	331,310	178,883

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

4. NET GAIN/ FROM EQUITY INVESTMENTS

	2012 LAKm	2011 LAKm
Dividends received in the year	13,078	9,874
- from equity investment securities	9,283	3,752
- from investments in joint ventures	3,795	6,122
Gain on disposals of equity investments	-	6,752
	13,078	16,626

5. FEE AND COMMISSION INCOME

	2012 LAKm	2011 LAKm
Fees and commission income from		
Settlement services	65,104	1,365
Treasury activities	105,383	149,670
Other fees and commissions	1,325	967
	171,812	152,002

6. FEE AND COMMISSION EXPENSE

	2012 LAKm	2011 LAKm
Fees and commission expenses from:		
Settlement services	2,028	630
Treasury activities	4,566	3,764
Other fees and commissions	11,653	5,057
	18,247	9,451

7. NET GAIN FROM DEALING IN FOREIGN CURRENCIES AND GOLD

	2012 LAKm	2011 LAKm
Net gain from trading gold and other precious metals	7,206	14,711
Income from foreign exchange spot rate differences	273,175	73,988
Expense from foreign exchange spot rate differences	(190,189)	(8,778)
Net gain from dealing in foreign currencies	82,986	65,210
	90,192	79,921

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

8. OTHER OPERATING INCOME

	<i>2012</i> <i>LAKm</i>	<i>2011</i> <i>LAKm</i>
Reversal of general provision for credit activities (see Note 16)	95,438	2,766
Recovery of bad debts written off	34,865	44,779
Others	1,850	3,410
	<u>132,153</u>	<u>50,955</u>

9. PAYROLL AND OTHER STAFF COSTS

	<i>2012</i> <i>LAKm</i>	<i>2011</i> <i>LAKm</i>
Salary, wages and allowances	91,303	72,829
Bonus	-	23,647
Social insurance	55,328	17,317
Per diem	39,107	-
Training expenses	314	704
	<u>186,052</u>	<u>114,497</u>

10. OTHER ADMINISTRATIVE EXPENSES

	<i>2012</i> <i>LAKm</i>	<i>2011</i> <i>LAKm</i>
External services expenses	19,169	32,438
Repair and maintenance expenses	10,980	4,607
Publication, marketing and promotion expenses	5,207	3,853
Office rental expenses	6,207	11,896
Telecommunication expenses	1,736	3,836
Training, meeting and seminar expenses	8,711	7,065
Tax and other duties expense	52	38
Other expenses	3,184	2,239
	<u>55,246</u>	<u>65,972</u>

11. OTHER OPERATING EXPENSES

	<i>2012</i> <i>LAKm</i>	<i>2011</i> <i>LAKm</i>
General provision for loans to other banks and loans and advances to customers (see Note 16)	126,153	28,498
Other expenses	3,800	1,834
	<u>129,953</u>	<u>30,332</u>

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

12. CASH ON HAND AND ACCOUNTS WITH THE BOL

	31/12/2012 LAKm	31/12/2011 LAKm
Cash on hand	1,132,745	991,542
Cash on hand in LAK	484,223	719,226
Cash on hand in foreign currencies	647,790	170,644
Gold and precious metal	-	100,595
Cheques collection	732	1,077
Demand deposits with BOL	1,555,943	1,593,367
Compulsory deposit	723,397	703,296
Demand deposits	832,546	890,071
Term deposits with BOL	26,613	112,275
	2,715,301	2,697,184

Balances with the BOL include settlement, compulsory and time deposits. These balances bear no interest.

Under regulations of the BOL, the Bank is required to maintain certain cash reserves with the BOL in the form of compulsory deposits, which are computed at 5.00% and 10.00%, on a bi-monthly basis, (2011: 5.00% and 10.00%) of customer deposits having original maturities of less than 12 months, in LAK and in foreign currencies, respectively. During the year, the Bank maintained its compulsory deposits in compliance with the requirements by the BOL.

Term deposits with the BOL have terms ranging from 3 months to 6 months and earn interest at rates ranging from 1% to 1.1% per annum.

13. AMOUNTS DUE FROM OTHER BANKS

	31/12/2012 LAKm	31/12/2011 LAKm
Demand deposits at other banks	1,430,005	1,199,301
Domestic banks	98,418	154,908
- Demand deposits	98,418	154,908
- Saving deposits	-	-
- Call deposits	-	-
Foreign banks	1,331,587	1,044,393
- Demand deposits	1,189,028	894,926
- Saving deposits	142,559	133,874
- Call deposits	-	15,593
Term deposits at other banks	759,228	702,656
Domestic banks	116,020	7,628
Foreign banks	643,208	695,028
Loans to other credit institutions (*)	358,046	195,598
Domestic banks	358,046	195,598
Foreign banks	-	-
	2,547,279	2,097,555

(*): General provision for loans to other banks is recorded in capital and reserves (see Note 16).

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

13. AMOUNTS DUE FROM OTHER BANKS (continued)

13.1 Term deposits at other banks

The interest rates of the term deposits at other banks are as follows:

	<i>Term (months)</i>	<i>Interest rate (% per annum)</i>
Domestic banks	1 - 3	4.00 - 6.25
Foreign banks	3 - 12	0.13 – 2.60

13.2 Loans to other credit institutions

Loans to other credit institutions comprise:

- ▶ Long-term loans of LAK 6,809,299,205 have the term of 3 years and bear interest rate at 9.5% per annum; USD 13,197,390 and THB 73,610,782 to BCEL Leasing have the term of 3 years and bear interest rate at 6.5% per annum
- ▶ Long-term loans of LAK 100,000,000,000 have the term 3 years and bear interest rate at 10.5%; USD 5,000,000 and USD 4,000,000 to Lao Development Bank have term of 3 years and 2 years and bear interest rate at 6.5% per annum.
- ▶ Long-term loans of USD 4,200,000 to Agriculture Promotion Bank have term of 3 years and bear interest rate at 5.5% per annum and THB 83,500,000 with term of 3 years and bear interest rate at 5.5% per annum.

Breakdown of loan classification and provision for loans to other credit institutions are as follow:

<i>Classification</i>	<i>Loan balance LAKm</i>	<i>Specific provision LAKm</i>	<i>General provision(*) LAKm</i>
Performing loans	358,046	-	3,580
- Normal or Pass	358,046	-	3,580
- Watch or Special mention	-	-	-
Non-performing loans (NPL)			
- Substandard	-	-	-
- Doubtful	-	-	-
- Loss	-	-	-
Total	358,046	-	3,580

(*): General provision for loans to other banks is recorded in capital and reserves (see Note 16).

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

14. INVESTMENT IN SECURITIES

	31/12/2012 LAKm	31/12/2011 LAKm
Trading securities	-	-
Available-for-sale securities	125,000	97,674
Equity securities issued by local credit institutions	-	-
Equity securities issued by local corporate	125,000	100,000
Provision for available-for-sale securities	-	(2,326)
Held-to-maturity securities	1,545,902	2,047,132
Debt securities issued by the Ministry of Finance	1,098,780	673,148
Debt securities issued by the Bank of Lao P.D.R	400,000	1,347,550
Debt securities issued by other entities	47,122	26,434
	1,670,902	2,144,806

14.1 Available-for-sale securities

Details of the Bank's equity securities - available-for-sale as at 31 December 2012 are as follows:

	31/12/2012 LAKm	31/12/2011 LAKm
Listed shares (EDL-Generation Public Company's shares)	125,000	100,000
Provision for available-for-sale securities	-	(2,326)
	125,000	97,674

14.2 Held-to-maturity securities

	31/12/2012 LAKm	31/12/2011 LAKm
Treasury bills issued by the Ministry of Finance	785,000	279,000
Bonds issued by the Ministry of Finance	313,780	394,148
Bonds issued by the Bank of Lao P.D.R	400,000	1,347,550
Other securities	47,122	26,434
	1,545,902	2,047,132

14.2.1 Treasury bills issued by the Ministry of Finance

Treasury bills issued by the Ministry of Finance carry a term of 1 year and bear interest at rate of 8.50% per annum. Interest is paid on the maturity date.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

14. INVESTMENT IN SECURITIES (continued)

14.2 Held-to-maturity securities (continued)

14.2.2 Bonds issued by the Ministry of Finance

	31/12/2012 LAKm	31/12/2011 LAKm
Triangle bonds	29,780	29,780
Capitalization bonds	98,000	325,000
Bonds for settlement of defaulted LC	20,000	30,000
Other bonds	166,000	9,368
	313,780	394,148

- ▶ Triangle bonds represent the bonds which were issued by the Ministry of Finance to either settle the balances due from the MOF or settle the debts owed to the Bank by customers who were in turn owed money by the MOF. The bonds are not transferrable and could be required to be extended on maturity by the MOF. The bonds carry a term of 17 years and bear no interest.
- ▶ Capitalization bonds were issued by the MOF to increase the Bank's chartered capital with the details as following:

<i>Issued date</i>	<i>Face value (LAKm)</i>	<i>Term</i>	<i>Interest rate (% per annum)</i>
03 January 2009	98,000	5 years	7.80%

- ▶ Bonds for settlement of defaulted LC are bonds issued by the MOF on 07 June 2007 under Decision No. 1330 in order to settle overdue letters of credit of customers which had been categorized as "Non-performing" since 1999. These bonds have maturities of 4 years with interest rate at 7% per annum.
- ▶ Other bonds issues by the Ministry of Finance are infrastructure bonds for the implementation of Paklay Bridge project (with total amount LAKm 146,000) and DM construction project (with total amount of LAKm 20,000). Details of these bonds are as follows:

<i>Issued date</i>	<i>LAKm equivalent</i>	<i>Term</i>	<i>Interest rate (% p.a)</i>
20 December 2011	50,000	2 years	3.00%
20 December 2011	50,000	3 years	3.50%
5 December 2011	46,000	5 years	8.00%
12 March 2012	20,000	2 years	3.00%
	166,000		

14.2.3 Bonds issued by the Bank of Lao P.D.R

Bonds issued by the Bank of Lao P.D.R in LAK and USD have term of 3 months – 1 year, bear interest rates ranging from 3.5% to 6.5% per annum. Interest is paid on the maturity date.

14.2.4 Other securities

Other securities are bonds issued by CIMB Thai Bank Public Company Limited. These bonds have terms ranging from 6 to 8 months and bear interest at rates ranging from 2.70% to 8.00% per annum. Interest is paid on the maturity date.

Banque Pour Le Commerce Extérieur Lao Public

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

15. LOANS AND ADVANCES TO CUSTOMERS, NET OF SPECIFIC PROVISION

	<i>31/12/2012</i> <i>LAKm</i>	<i>31/12/2011</i> <i>LAKm</i>
Commercial loans	6,962,584	5,166,176
Less specific provision for credit losses	(59,954)	(24,619)
	6,902,630	5,141,557

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

	<i>2012</i> <i>Interest rates</i> <i>% per annum</i>	<i>2012</i> <i>Interest rates</i> <i>% per annum</i>
Loans and advances denominated in LAK	8% - 20%	8% - 13%
Loans and advances denominated in USD	6.5% - 10%	6.75% - 10%
Loans and advances denominated in THB	6.5% - 10%	6.75% - 10.5%

15.1 Analysis of loan portfolio by currency

	<i>31/12/2012</i> <i>LAKm</i>	<i>31/12/2011</i> <i>LAKm</i>
Loans and advances denominated in LAK	2,687,559	1,754,630
Loans and advances denominated in USD	3,052,193	2,680,688
Loans and advances denominated in THB	1,222,832	730,858
	6,962,584	5,166,176

15.2 Analysis of loan portfolio by quality

	<i>31/12/2012</i> <i>LAKm</i>	<i>31/12/2011</i> <i>LAKm</i>
Normal or Pass	6,269,413	5,056,246
Watch or Special Mention	630,593	61,037
Substandard	2,614	3,810
Doubtful	1,067	42,452
Loss	58,897	2,631
	6,962,584	5,166,176

15.3 Analysis of loan portfolio by original term

	<i>31/12/2012</i> <i>LAKm</i>	<i>31/12/2011</i> <i>LAKm</i>
Short-term loans	2,384,208	1,267,801
Medium-term loans	3,321,483	2,636,195
Long-term loans	1,256,893	1,262,180
	6,962,584	5,166,176

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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15. LOANS AND ADVANCES TO CUSTOMERS, NET OF SPECIFIC PROVISION (continued)

15.4 Analysis of loan portfolio by type of industrial sectors

	31/12/2012 LAKm	31/12/2011 LAKm
Industrial services companies	786,756	1,161,184
Construction companies	1,824,878	1,059,654
Technical instruments enterprises	119,016	72,251
Agricultural and forestry	357,240	73,858
Trading companies	2,063,694	1,184,240
Transportation companies	161,387	167,071
Services companies	1,595,458	1,179,909
Other loans	54,155	268,009
	6,962,584	5,166,176

15.5 Changes in provision for credit losses

	Specific provision LAKm	General provision (*) LAKm
Balances as at 1 January 2012	24,619	52,439
Provision charged to expense in the year	125,681	121,247
Reversal of provision in the year	(90,677)	(92,158)
Foreign exchange difference	331	79
Balances as at 31 December 2012	59,954	81,607

(*): General provision for loans and advances to customers is recorded in general provision for credit activities (see Note 16).

The breakdown of loan classification and provision as required by the BOL as at 31 December 2012 are as follows:

Classification	Loan balance LAKm	Specific provision LAKm	General provision LAKm
Performing loans	6,900,006	-	81,607
- Normal or Pass	6,269,413	-	62,689
- Watch or Special mention	630,593	-	18,918
Non-performing loans (NPLs)	62,578	59,954	-
- Substandard	2,614	523	-
- Doubtful	1,067	534	-
- Loss	58,897	58,897	-
Total	6,962,584	59,954	81,607

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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15. LOANS AND ADVANCES TO CUSTOMERS, NET OF SPECIFIC PROVISION (continued)

15.5 *Changes in provision for credit losses* (continued)

The breakdown of loan classification and provision as required by the BOL as at 31 December 2011 were as follows:

<i>Classification</i>	<i>Loan balance LAKm</i>	<i>Specific provision LAKm</i>	<i>General provision LAKm</i>
Performing loans	5,117,283	-	52,439
- <i>Normal or Pass</i>	5,056,246	-	50,608
- <i>Watch or Special mention</i>	61,037	-	1,831
Non-performing loans (NPLs)	48,893	24,619	-
- <i>Substandard</i>	3,810	762	-
- <i>Doubtful</i>	42,452	21,226	-
- <i>Loss</i>	2,631	2,631	-
Total	5,166,176	24,619	52,439

16. GENERAL PROVISION FOR CREDIT ACTIVITIES

	<i>General provision for loans to other banks LAKm</i>	<i>General provision for loans and advances to customers LAKm</i>	<i>Total LAKm</i>
Balances as at 1 January 2012	1,956	52,439	54,395
Provision charged to expense in the year (see Note 11)	4,906	121,247	126,153
Reversal of provision in the year (see Note 8)	(3,280)	(92,158)	(95,438)
Foreign exchange difference	(2)	79	77
Balances as at 31 December 2012	3,580	81,607	85,187

In accordance accounting regulations as stipulated by the Bank of Lao P.D.R, general provision for credit activities is recorded in the separate balance sheet under capital and reserves. General provision expense is recorded in "Other operating expenses" (see Note 11). Reversal of general provision is recorded in "Other operating income" (see Note 8).

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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17. INVESTMENT IN SUBSIDIARIES, JOINT VENTURES AND OTHER LONG-TERM INVESTMENT

	31 December 2012		31 December 2011	
	Book value LAKm	Ownership %	Book value LAKm	Ownership %
Investment in subsidiaries				
BCEL Leasing Company Limited	9,000	100%	9,000	100%
BCEL - Krung Thai Securities Company Limited	70,000	70%	70,000	70%
Investment in joint ventures				
Lao Viet Joint Venture Bank	202,598	35%	63,530	50%
Banque Franco - Lao Company Limited	138,000	46%	138,000	46%
Lao-Viet Insurance Joint Venture Company	7,369	29%	7,369	29%
	426,967		287,899	

- BCEL Leasing Company Limited is incorporated in the Lao P.D.R under the Business License No. 011/09 granted by the Investment Promotion Department of the Ministry of Planning and Investment of the Lao P.D.R on 17 November 2009. Its head office is located in Vientiane Capital and it engages in providing leasing services.
- BCEL - Krung Thai Securities Company Limited is incorporated in the Lao P.D.R under the Business License No. 180-10 granted by the Investment Promotion Department of the Ministry of Planning and Investment of the Lao P.D.R 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 P.D.R 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 P.D.R for a period of 30 years. The legal capital of LVB is USD 15,000,000 and had been fully contributed by partners as at 31 December 2009. In 2012, the Bank has contributed additional capital of USD 5,625,000 on 20 March 2012 and USD 11,375,000 on 28 December 2012. As at 31 December 2012, total contributed capital of the Bank is USD 24,500,000, equivalent to LAKm 202,958.
- Banque Franco - Lao Company Limited ("BFL") is incorporated in the Lao P.D.R 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 P.D.R. The legal capital of BFL was USD 20 million which was later revised to USD 37 million in accordance with the President's decree issued on 24 September 2009 and letter No. 01/BOL dated 28 January 2010 from BOL. The total amount of USD 1,840,000 and LAK 122,854,960,000 was contributed by the Bank as at 31 December 2012.
- Lao-Viet Insurance Joint Venture Company ("LVI") is incorporated as a joint venture company in the Lao P.D.R 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.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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18. INTANGIBLE FIXED ASSETS

Movement of intangible fixed assets for the year ended 31 December 2012 is as follows:

	<i>Land use right LAKm</i>	<i>Software LAKm</i>	<i>Total LAKm</i>
Cost:			
As at 1 January 2012	22,059	29,988	52,047
Additions	145,224	5,491	150,715
Disposal	-	(2,855)	(2,855)
As at 31 December 2012	167,283	32,624	199,907
Accumulated amortization:			
As at 1 January 2012	-	9,478	9,478
Charge for the year 2012	-	6,428	6,428
Disposal	-	(2,855)	(2,855)
As at 31 December 2012	-	13,051	13,051
Net book value:			
As at 1 January 2012	22,059	20,510	42,569
As at 31 December 2012	167,283	19,573	186,856

Movement of intangible fixed assets for the year ended 31 December 2011 was as follows:

	<i>Land use right LAKm</i>	<i>Software LAKm</i>	<i>Total LAKm</i>
Cost:			
As at 1 January 2011	13,176	16,880	30,056
Additions	9,336	13,900	23,236
Disposal	(453)	(792)	(1,245)
As at 31 December 2011	22,059	29,988	52,047
Accumulated amortization:			
As at 1 January 2011	-	6,079	6,079
Charge for the year 2011	-	4,132	4,132
Disposal	-	(733)	(733)
As at 31 December 2011	-	9,478	9,478
Net book value:			
As at 1 January 2011	13,176	10,801	23,977
As at 31 December 2011	22,059	20,510	42,569

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

19. TANGIBLE FIXED ASSETS

Movement of tangible fixed assets for the year ended 31 December 2012 is as follows:

	<i>Building & improvement LAKm</i>	<i>Office equipment LAKm</i>	<i>Furniture & fixtures LAKm</i>	<i>Motor vehicles LAKm</i>	<i>Total LAKm</i>
Cost:					
As at 1 January 2012	103,978	83,669	17,647	17,346	222,640
Additions	88,117	28,464	5,358	4,767	126,706
Disposal	(1,575)	(14,432)	(160)	(5,795)	(21,962)
As at 31 December 2012	190,520	97,701	22,845	16,318	327,384
Accumulated depreciation:					
As at 1 January 2012	19,710	41,707	2,914	9,287	73,618
Charge for the year 2012	10,952	17,525	2,184	3,212	33,873
Disposal	(942)	(13,644)	(133)	(5,795)	(20,514)
As at 31 December 2012	29,720	45,588	4,965	6,704	86,977
Net book value:					
As at 1 January 2012	84,268	41,962	14,733	8,059	149,022
As at 31 December 2012	160,800	52,113	17,880	9,614	240,407

Movement of tangible fixed assets for the year ended 31 December 2011 was as follows:

	<i>Building & improvement LAKm</i>	<i>Office equipment LAKm</i>	<i>Furniture & fixtures LAKm</i>	<i>Motor vehicles LAKm</i>	<i>Total LAKm</i>
Cost:					
As at 1 January 2011	86,170	72,934	13,144	15,874	188,122
Additions	19,396	16,768	4,688	2,611	43,463
Disposal	(1,588)	(6,033)	(185)	(1,139)	(8,945)
As at 31 December 2011	103,978	83,669	17,647	17,346	222,640
Accumulated depreciation:					
As at 1 January 2011	15,061	31,914	1,548	7,436	55,959
Charge for the year 2011	5,813	15,396	1,550	2,492	25,251
Disposal	(1,164)	(5,603)	(184)	(641)	(7,592)
As at 31 December 2011	19,710	41,707	2,914	9,287	73,618
Net book value:					
As at 1 January 2011	71,109	41,020	11,596	8,438	132,163
As at 31 December 2011	84,268	41,962	14,733	8,059	149,022

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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20. ACCRUED INTEREST RECEIVABLES

	31/12/2012 LAKm	31/12/2011 LAKm
Accrued interest receivables – from the BOL	100	273
Accrued interest receivables – due from banks	6,478	3,123
Accrued interest receivables – loans and advances to customers	54,234	37,041
Accrued interest receivables – securities investments	37,630	34,550
	98,442	74,987

21. OTHER ASSETS

	31/12/2012 LAKm	31/12/2011 LAKm
Stationeries and other tools	826	5,413
Checks in collection	6,975	13,343
Assets waiting for sales	3,981	6,041
Prepaid expenses to be allocated	19,801	16,115
Prepayments	37,911	16,061
Dividend receivables	-	6,122
Others	12,448	5,662
	81,942	68,757

22. AMOUNTS DUE TO OTHER BANKS

	31/12/2012 LAKm	31/12/2011 LAKm
Demand deposits at other banks	862,910	1,069,856
Domestic banks	349,155	220,525
Foreign banks	10,149	2,844
National treasury	503,564	846,462
Other government institutions	42	25
Term deposits from other banks	-	-
Domestic banks	-	-
Borrowings from other banks	60,067	66,664
Bank of Lao P.D.R	60,067	66,664
Foreign banks	-	-
Other payables to other banks	1,723	26,036
	924,700	1,162,556

Borrowings from the BOL include:

- ▶ Borrowing from the BOL represents the long-term loan of USD 310,000 as at 31 December 2012 (original loan amount is USD 2,000,000) from the BOL for the purpose of investment in Lao Viet Joint Venture Bank. The loan's principal is paid annually from 2000 to 2014. The loan does not bear interest if the principal repayment is made on time.
- ▶ Other borrowings from the BOL represents the long-term loan of USD 7,228,571 as at 31 December 2012 (original loan amount is USD 9,200,000) from the BOL for the purpose of investment in Banque Franco - Lao Company Limited. The loan's principal is paid annually from 2010 to 2023 with the interest rate of 0.25% per annum.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

23. AMOUNTS DUE TO CUSTOMERS

	31/12/2012 LAKm	31/12/2011 LAKm
Demand deposits	2,893,119	3,066,237
Demand deposits in LAK	1,013,307	1,130,723
Demand deposits in FC	1,879,812	1,935,514
Daily deposits	-	400
Daily deposits in LAK	-	357
Daily deposits in FC	-	43
Saving deposits	5,391,968	4,167,949
Saving deposits in LAK	1,685,350	1,099,650
Saving deposits in FC	3,706,618	3,068,299
Margin deposits	145,548	116,489
Margin deposits in LAK	19,271	17,739
Margin deposits in FC	126,277	98,750
Fixed term deposits	4,172,639	3,093,137
Fixed term deposits in LAK	1,039,488	1,939,481
Fixed term deposits in FC	3,133,151	1,153,656
Other amount due to customers	164,888	83,116
	12,768,162	10,527,328

Interests of customer saving accounts in LAK, THB, USD, CNY and EUR range from 1.50 - 3.00%, 0.50 - 1.00%, 0.75 - 1.25%, 0.00% and 0.10% per annum, respectively.

Fixed term deposits in LAK have terms of 3, 6, 12 months and more than 1 year and are subject to interest rates from 2.50 – 6.00%, 4.50 – 8.00 %, 6.00 – 13.00% and 8.00% - 14.00% per annum respectively. Fixed term deposits in foreign currencies have the same range of terms and bear interest at rates ranging from 1.25% to 6.50% per annum for THB and from 1.00% to 7.00% per annum for USD.

24. ACCRUED INTEREST PAYABLES

	31/12/2012 LAKm	31/12/2011 LAKm
Accrued interest expense – balance with the BOL	5	23
Accrued interest expense – customer deposits	63,883	50,314
	63,888	50,337

25. OTHER LIABILITIES

	31/12/2012 LAKm	31/12/2011 LAKm
Payables to employees	31,987	23,647
Payable to suppliers	13,684	10,403
Termination allowances	5,691	3,735
Payables related to the Bank's IPO	-	-
Other payables	71,757	42,678
	123,119	80,463

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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26. TAXATION

26.1 Enterprise Income Tax Expense

Major components of tax expense for the years 2012 and 2011 were as follows:

	2012 LAKm	2011 LAKm
Enterprise Income Tax expense in accordance with statutory tax regulations		
- Current	59,056	61,059
Total tax expense for the year	59,056	61,059

26.2 Current Enterprise Income Tax

Provision is made for taxation on the current year's profits, based on the Tax Law governing taxation within Lao P.D.R. The Bank is obliged to pay tax at rate of 28% on total profit before tax in accordance with the new Tax Law No.001 dated 1 March 2011 which is effective on or after 1 January 2012 (2011: the Bank is obliged to pay the higher amount of tax between 35% on total profit before tax and 1% on total revenue in accordance with the old Tax Law No.04/NA dated 19 May 2005). Additionally, in accordance with Decree 001 dated 28 December 2010 issued by the President of Laos P.D.R, the tax rate for listed companies is reduced by 5% within 4 year from the listed date. Accordingly, the Bank is subject to the tax rate of 23% for the year ended 31 December 2012 (2011: 30%).

	2012 LAKm	2011 LAKm
Option 1		
Total taxable revenues	1,394,452	796,796
Enterprise Income Tax at 1% of total taxable revenues	13,945	7,968
Option 2		
Profit before tax of the year	269,649	212,823
<i>Less</i>		
- Income exempt from EIT (dividend income) (Note 4)	(13,078)	(9,874)
<i>Add</i>		
- Non-deductible expenses	194	581
Taxable profit	256,765	203,530
Enterprise Income tax expense at 23% of total taxable profit of the Bank (2011: 30%)	59,056	61,059
Current Income Tax (higher between two options)	59,056	61,059
Payable at the beginning of the year	57,005	50,566
Tax paid during the year	(61,242)	(54,620)
Payable at the end of the year	54,819	57,005

The Bank's tax returns are subject to periodic 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 separate financial statements could be changed at a later date upon final determination by the tax authorities.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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27. CASH AND CASH EQUIVALENTS

	31/12/2012 LAKm	31/12/2011 LAKm
Cash on hand	1,132,745	991,542
Current accounts with the BOL	1,555,943	1,593,367
Current accounts with other banks	1,430,005	1,199,301
Term deposits due within 30 days	-	-
	4,118,693	3,784,210

28. TRANSACTIONS WITH RELATED PARTIES

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 parents, 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 (d);

(e) the party is an Bank that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such Bank 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 Bank that is a related party of the Bank.

Significant balances with related parties as at 31 December 2012 are as follows:

Related party	Relationship	Transactions	Receivable LAKm	Payable LAKm
The Bank of Lao P.D.R	Direct controller	Borrowings and accrued interest from the BOL	-	60,067
The Bank of Lao P.D.R	Direct controller	BCEL's demand deposits at BOL	832,546	-
The Bank of Lao P.D.R	Direct controller	BCEL's compulsory deposits at BOL	723,397	-
The Bank of Lao P.D.R	Direct controller	BCEL's term deposits and accrued interest at BOL	26,713	-
The Bank of Lao P.D.R	Direct controller	Investment in BOL's bonds	400,000	-
The Ministry of Finance of the Lao P.D.R	Direct owner	Investment in MOF's bonds	1,098,780	-
BCEL Leasing Company	Subsidiary	Current accounts	-	1,852
BCEL Leasing Company	Subsidiary	Loans and accrued interest	-	6,809
BCEL - Krung Thai Securities Company Limited	Subsidiary	Saving accounts	-	65,229
Lao Viet Joint Venture Bank	Joint venture	Current accounts	-	21,640
Banque Franco – Lao Company Limited	Joint venture	Current accounts	-	3,545
Lao Viet Insurance Company	Joint venture	Saving accounts	-	1,241

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28. TRANSACTIONS WITH RELATED PARTIES (continued)

Significant balances with related parties as at 31 December 2011 were as follow:

<i>Related party</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Receivable LAKm</i>	<i>Payable LAKm</i>
The Bank of Lao P.D.R	Direct controller	Borrowings from the BOL	-	66,664
The Bank of Lao P.D.R	Direct controller	BCEL's demand deposits at BOL	890,071	-
The Bank of Lao P.D.R	Direct controller	BCEL's compulsory deposits at BOL	703,296	-
The Bank of Lao P.D.R	Direct controller	BCEL's term deposits at BOL	112,275	-
The Bank of Lao P.D.R	Direct controller	Investment in BOL's bonds	1,347,550	-
The Ministry of Finance of the Lao P.D.R	Direct owner	Investment in MOF's bonds	394,148	-
BCEL Leasing Company	Subsidiary	Current accounts	-	7,704
BCEL Leasing Company	Subsidiary	Loans	155,563	-
BCEL - Krung Thai Securities Company Limited	Subsidiary	Current accounts	-	42,998
Lao Viet Joint Venture Bank	Joint venture	Current accounts	-	7,332
Banque Franco - Lao Company Limited	Joint venture	Current accounts	-	6,745
Banque Franco - Lao Company Limited	Joint venture	Saving accounts	-	872

Remuneration to members of the Board of Directors and the Board of Management was as follows:

	<i>2012 LAKm</i>	<i>2011 LAKm</i>
Salaries	2,442	2,035
Bonus	515	429
Responsibility allowance	986	822
	3,943	3,286

29. EARNINGS PER SHARE

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

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

	<i>2012</i>	<i>2011</i>
Net profit after tax attributable to ordinary equity holders for basic earnings (LAKm)	210,593	151,764
Weighted average number of ordinary shares for basic earnings per share (units)	136,577,600	136,577,600
Face value per share (LAK)	5,000	5,000
Earnings per share (LAK)	1,542	1,111

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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30. CAPITAL MANAGEMENT

The Bank maintains minimum regulatory capital in accordance with Regulation No 01/BOL dated 28 August 2001 by the Governor of Lao P.D.R and other detailed guidance. The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements by the BOL. The Bank recognizes the need to maintain effectiveness of assets and liabilities management to balance its profit and capital adequacy.

In accordance with Regulation No 01/BOL, the Bank's regulatory capital is analyzed into two tiers:

- ▶ Tier 1 capital, which includes chartered capital, regulatory reserve fund, business expansion fund and other funds, and retained earnings;
- ▶ Tier 2 capital, which includes qualifying subordinated liabilities, general provisions and the element of fair value reserve relating to unrealized gains/losses on equity instruments classified as available for sale.

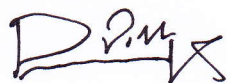
Various limits are applied to elements of the capital base: qualifying tier 2 cannot exceed tier 1 capital, and qualifying subordinated liabilities may not exceed 50% of tier 1 capital.

An analysis of the Bank's capital based on financial information derived from the separate financial statements is as follows:

	31 December 2012 LAKm	31 December 2011 LAKm
Tier 1 capital	927,168	882,188
Tier 2 capital	85,187	54,395
Total capital	1,012,355	936,583
Less: Deductions from capital (Investments in other credit and financial institutions)	(340,598)	(201,530)
Capital for CAR calculation (A)	671,757	735,053
Risk weighted balance sheet items	5,181,591	7,744,743
Risk weighted off balance sheet items	2,478,987	1,225,130
Total risk weighted assets (B)	7,660,578	8,969,873
Capital Adequacy Ratio (A/B)	8.77 %	8.19%

31. EVENTS AFTER THE SEPARATE BALANCE SHEET DATE

Other than as disclosed elsewhere in these separate financial statements, at the date of this report, there were no events, which occurred subsequent to 31 December 2012 that significantly impacted the separate financial position of the Bank as at 31 December 2012.



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15 March 2013