Banque Pour Le Commerce Exterieur Lao Public

Report of Management and

Interim 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 the Lao P.D.R

as at and for the three-month and nine-month periods ended 30 September 2012

CONTENTS

	Pages
GENERAL INFORMATION	1 - 3
REPORT OF MANAGEMENT	4
INTERIM SEPARATE FINANCIAL STATEMENTS	
Report on review of interim separate financial statements	5
Interim separate income statement	6 - 7
Interim separate financial position	8 - 10
Interim separate statement of changes in equity	11
Interim separate cash flow statement	12
Notes to the Interim separate financial statements	13 - 42

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 30 September 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 the Lao P.D.R.

Chartered Capital

The actual chartered capital as at 30 September 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 30 September 2012, the Bank has one (01) Head Office, eighteen (18) main branches, thirty eight (38) services units, and ten (10) exchange units all over Lao P.D.R.

Subsidiaries

As at 30 September 2012, the Bank has two (02) subsidiaries as follows:

Name	*Established in accordance with Business License No.*	*Business sector*	*% owned by the Bank*
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	Banking & Finance	100%
BCEL - Krung Thai 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 30 September 2012, the Bank has three (03) joint ventures as follows:

Name	*Business License No.*	*Business Sector*	*% owned by the Bank*
Lao Viet Joint Venture Bank	01/NHNN dated 31 March 2000 by the Bank of the 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 nine-month period of year 2012 and at the date of this report are as follows:

Name	*Position*	*Date of appointment/resignation*
Mr. Saysamone Xaysouliane	Chairman	Appointed on 26 March 2012
Mrs. Viengthong Siphandone	Chairman	Appointed on 17 September 2007 Resigned on 26 March 2012
Mr. Khamsouk Sundara	Vice Chairman	Appointed on 26 March 2012
Mr. Khamlien Pholsena	Vice Chairman	Appointed on 17 September 2007 Resigned on 26 March 2012
Mr. Vanhkham Voravong	Member	Appointed on 17 September 2007 Reappointed on 26 March 2012
Mr. Phoukhong Chanthachack	Member	Appointed on 26 March 2012
Mr. Vilay Siphaphone	Member	Appointed on 26 March 2012
Mr. Khamhou Thongthavy	Member	Appointed on 16 March 2003 Reappointed on 26 March 2012
Mr. Yves Jackquot	Member	Appointed 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 nine-month period of the year 2012 and at the date of this report are as follows:

Name	*Position*	*Date of appointment*
Mr. Vanhkham 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 period and at the date of this report is Mr. Vanhkham Voravong - General Managing Director.

AUDITORS

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

Banque Pour Le Commerce Exterieur Lao Public

REPORT OF MANAGEMENT

The Board of Management of Banque Pour Le Commerce Exterieur Lao Public ("the Bank") is pleased to present its report and the Bank's interim separate financial statements as at and for the three-month and nine-month periods then ended 30 September 2012.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE INTERIM SEPARATE FINANCIAL STATEMENTS

The Bank's Management is responsible for preparation of the interim separate financial statements of each financial period which give a true and fair view of the interim separate financial position of the Bank and of its separate operational results and separate cash flows for the period in accordance with the Enterprise Accounting Law of the Lao P.D.R and other relevant accounting regulations as stipulated by Bank of the Lao P.D.R. In preparing those interim 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 interim 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 interim 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 interim separate financial statements for the three-month and nine-month periods ended 30 September 2012.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim separate financial statements give a true and fair view of the interim separate financial position of the Bank as at 30 September 2012 and of the separate results of its operations and its separate cash flows for the three-month and nine-month periods then ended in accordance with the Enterprise Accounting Law of Lao PDR and relevant accounting regulations stipulated by the Bank of Lao PDR.

For and on behalf of management:

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

Mr. Onekeo Damlongboun
Deputy Managing Director

Vientiane, Lao P.D.R

8 November 2012

Ernst & Young Vietnam Limited
14th Floor, Daeha Business Center
360 Kim Ma Street, Ba Dinh District
Hanoi, S.R of Vietnam

Tel : + 84 4 3831 5100
Fax: +84 4 3831 5090
www.ey.com/vn

Reference: 60790273/15602893

REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

To: The shareholders
Banque Pour Le Commerce Exterieur Lao Public

We have reviewed the accompanying interim separate financial statements of Banque Pour Le Commerce Exterieur Lao Public ("the Bank") as set out on pages 6 to 42 which comprise the interim separate financial position as at 30 September 2012, the related interim separate income statement for three-month and nine-month periods then ended, the interim separate statement of changes in equity, the interim separate statement of cash flow for the nine-month period then ended and a summary of significant accounting policies and other explanatory notes.

The preparation and presentation of these interim separate financial statements are the responsibility of the management. Our responsibility is to issue a report on these interim separate financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim separate financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not give a true and fair view of, in all material respects, the interim separate financial position of the Bank as at 30 September 2012, its separate financial performance for the three-month and nine-month periods then ended and its separate cash flows for the nine-month period then ended in accordance with the Enterprise Accounting Law of Lao P.D.R and other relevant accounting regulations as stipulated by Bank of the Lao P.D.R.

Commencing from 2012, the Bank prepares its quarterly separate financial statements which are subject to review by independent auditors. Accordingly, the Bank has used the audited separate financial statements in 2011 as comparative figures and presented them on the interim separate financial statements for reference purposes.

Ernst & Young LLC.

ERNST & YOUNG LAO CO.,LTD

Vientiane, Lao P.D.R

8 November 2012

Banque Pour Le Commerce Exterieur Lao Public

INTERIM SEPARATE INCOME STATEMENT
for the three-month and nine-month periods ended 30 September 2012

Currency: LAKm

Code	*ITEMS*	*Notes*	*For the three-month period ended 30 September 2012*	*For the nine-month period ended 30 September 2012*	*2011*
A.	**OPERATING INCOME AND EXPENSES**				
1.	**Interest and similar income**	**3**	**188,239**	**536,832**	**443,698**
1.1	Interest and similar income from interbank market		7,851	22,229	22,578
1.2	Interest and similar income from customers		141,763	402,485	324,271
1.3	Other interest and similar income		38,625	112,118	96,849
2.	**Interest and similar expense**	**3**	**(97,315)**	**(268,447)**	**(264,815)**
2.1	Interest and similar expense for interbank market		(1,284)	(4,354)	(22,226)
2.2	Interest and similar expense for customers		(96,031)	(264,093)	(242,589)
2.3	Other interest and similar income		-	-	-
I.	NET INTEREST AND SIMILAR INCOME	**3**	**90,924**	**268,385**	**178,883**
3	**Net gain from trading gold and other precious metals**	**8**	**395**	**(1,717)**	**14,711**
8	**Net gain from equity investments**	**4**	**-**	**3,883**	**16,626**
9	**Fee and commission income**	**5**	**44,639**	**125,647**	**152,002**
10	**Fee and commission expense**	**6**	**(4,997)**	**(13,520)**	**(9,451)**
11	**Net gain/(loss) from securities investment**	**7**	**-**	**2,326**	**(2,326)**
12	**Net gain from dealing in foreign currencies**	**8**	**21,314**	**64,925**	**65,210**
II.	NET OPERATING INCOME		**152,275**	**449,929**	**415,655**

Banque Pour Le Commerce Exterieur Lao Public

INTERIM SEPARATE INCOME STATEMENT (continued)
for the three-month and nine-month periods ended 30 September 2012

Code	ITEMS	Notes	For the three-month period ended 30 September 2012	For the nine-month period ended 30 September 2012	2011
B	**OTHER INCOME AND EXPENSES**				
15	**Other operating income**	**9**	**36,729**	**50,820**	**50,955**
16	**Administration expenses**		**(49,769)**	**(140,361)**	**(201,446)**
16.1	Payroll and other staff costs	10	(35,428)	(101,127)	(114,497)
16.2	Other administrative expenses	11	(13,109)	(36,445)	(65,972)
16.3	Other expenses		(1,232)	(2,789)	(20,977)
17	**Depreciation and amortization charges**	**19, 20**	**(10,302)**	**(29,442)**	**(29,383)**
18	**Other operating expenses**	**12**	**(6,014)**	**(23,959)**	**(30,332)**
19	**Net specific provision charges/reversal for loans and advances to customers**		**2,478**	**(25,354)**	**7,374**
19.1	Specific provision expenses for loans and advances to customers	16.5	(5,615)	(63,003)	(37,442)
19.2	Reversal of specific provision for loans and advances to customers	16.5	8,093	37,649	44,816
III.	**TOTAL PROFIT BEFORE TAX**		**125,397**	**281,633**	**212,823**
23	**Current enterprise income tax**	**27.1**	**(28,848)**	**(63,915)**	**(61,059)**
IV.	**PROFIT AFTER TAX**		**96,549**	**217,718**	**151,764**
	Earnings per share (LAK)	**30**	**707**	**1,594**	**1,111**

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

Prepared by:
Mr. Phonenalath Kongvongsa
Accountant

Approved by:
Mrs. Lammaniseng Sayaphet
Head of Accounting Division

Approved by:
Mr. Onekeo Damlongboun
Deputy Managing Director

Vientiane, Lao P.D.R

8 November 2012

Banque Pour Le Commerce Exterieur Lao Public

INTERIM SEPARATE FINANCIAL POSITION
as at 30 September 2012

Currency: LAKm

Code	*ASSETS*	*Notes*	*30 September 2012*	*31 December 2011*
I	**Cash and accounts with the BOL**	**13**	**2,864,860**	**2,697,184**
	1. Cash on hand		1,134,618	991,542
	2. Demand deposits		1,690,527	1,593,367
	3. Term deposits		39,715	112,275
II	**Amounts due from other banks**	**14**	**2,606,229**	**2,097,555**
	1. Demand deposits		1,546,835	1,199,301
	2. Term deposits		843,033	702,656
	3. Net loans to other banks, net of specific provisions		216,361	195,598
III	**Securities purchased under resale agreements**		**-**	**-**
IV	**Investments in securities**	**15**	**2,007,144**	**2,144,806**
	1. Trading securities		-	-
	2. Available-for-sale securities	15.1	125,000	97,674
	3. Held-to-maturity securities	15.2	1,882,144	2,047,132
V	**Loans and advances to customers, net of specific provisions**	**16**	**5,997,508**	**5,141,557**
VI	**Investment in subsidiaries and joint-ventures**	**18**	**336,319**	**287,899**
VII	**Fixed assets**		**493,104**	**301,527**
	1. Construction in progress and fixed assets in transit		65,811	109,936
	2. Intangible fixed assets	19	188,488	42,569
	3. Tangible fixed assets	20	238,805	149,022
VIII	**Other assets**		**158,532**	**143,744**
	1. Accrued interest receivables	21	76,948	74,987
	2. Other assets	22	81,584	68,757
	TOTAL ASSETS		**14,463,696**	**12,814,272**

INTERIM SEPARATE FINANCIAL POSITION (continued)
as at 30 September 2012

Currency: LAKm

Code	*LIABILITIES AND CAPITAL*	*Notes*	*30 September 2012*	*31 December 2011*
I	**Amounts due to other banks**	**23**	**1,153,592**	**1,162,556**
	1. Demand deposits		1,085,059	1,069,856
	2. Borrowings from other banks		65,451	66,664
	3. Other payables to other banks		3,082	26,036
II	**Amounts due to customers**	**24**	**12,155,319**	**10,527,328**
	1. Demand and savings deposits		8,182,516	7,351,075
	2. Term deposits		3,932,376	3,093,137
	3. Other payables to customers		40,427	83,116
III	**Other liabilities**		**157,580**	**187,805**
	1. Accrued interest payables	25	54,940	50,337
	2. Tax payables to the State	27.2	62,593	57,005
	3. Other liabilities	26	40,047	80,463
	TOTAL LIABILITIES		**13,466,491**	**11,877,689**
IV	**Capital and reserves**		**997,205**	**936,583**
	1. Chartered capital		682,888	682,888
	2. Regulatory reserve fund		19,380	19,380
	3. Business expansion fund		73,857	73,857
	4. General provision for credit activities	17	62,910	54,395
	5. Retained earnings		158,170	106,063
	TOTAL CAPITAL		**997,205**	**936,583**
	TOTAL LIABILITES AND CAPITAL		**14,463,696**	**12,814,272**

Banque Pour Le Commerce Exterieur Lao Public

INTERIM SEPARATE FINANCIAL POSITION (continued)
as at 30 September 2012

Currency: LAKm

Code	*OFF BALANCE SHEET ITEMS*	*Notes*	*30 September 2012*	*31 December 2011*
I	**Commitments given**			
A	**Commitments for financing given**		**1,766,810**	**1,088,142**
1	- Commitments for financing given to other banks		556	-
2	- Commitments for financing given to customers		1,766,254	1,088,142
B	**Commitments for guarantees given**		**120,035**	**136,988**
1	- Commitments for guarantees given to other banks		-	-
2	- Commitments for guarantees given to customers		120,035	136,988
	TOTAL COMMITMENTS GIVEN		**1,886,845**	**1,225,130**

Code	*OFF BALANCE SHEET ITEMS*	*Notes*	*30 September 2012*	*31 December 2011*
II	**Collaterals and Mortgages**			
A	**Collaterals and Mortgages for loans**		**12,377,524**	**10,565,424**
1	- Collaterals and Mortgages for loans to other banks		-	-
2	- Collaterals and Mortgages for loans to customers		12,377,524	10,565,424
B	**Collaterals and Mortgages for guarantees given**		-	-
1	- Collaterals and Mortgages for guarantees given to other banks		-	-
2	- Collaterals and Mortgages for guarantees given to customers		-	-
	TOTAL COLLATERALS AND MORTGAGES		**12,377,524**	**10,565,424**

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

Prepared by:
Mr. Phonenalath Kongvongsa
Accountant

Approved by:
Mrs. Lammaniseng Sayaphet
Head of Accounting Division

Approved by:
Mr. Onekeo Damlongboun
Deputy Managing Director

Vientiane, Lao P.D.R

8 November 2012

Banque Pour Le Commerce Exterieur Lao Public

INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY
for the nine-month period ended 30 September 2012

Currency: LAKm

	Chartered capital	*Regulatory reserve fund*	*Business expansion fund*	*General provision for credit activities*	*Retained earnings*	*Total*
Balances as at 1 January 2012	**682,888**	**19,380**	**73,857**	**54,395**	**106,063**	**936,583**
Dividend paid to shareholders	-	-	-	-	(165,611)	(165,611)
Net profit for the 3 quarters of 2012	-	-	-	-	217,718	217,718
Net provision expense for credit activities in the nine-month period ended 30 September 2012	-	-	-	8,419	-	8,419
Foreign exchange difference	-	-	-	96	-	96
Balances as at 30 September 2012	**682,888**	**19,380**	**73,857**	**62,910**	**158,170**	**997,205**

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

Prepared by:
Mr. Phonenalath Kongvongsa
Accountant

Approved by:
Mrs. Lammaniseng Sayaphet
Head of Accounting Division

Approved by:
Mr. Onekeo Damlongboun
Deputy Managing Director

Vientiane, Lao P.D.R

8 November 2012

Banque Pour Le Commerce Exterieur Lao Public

INTERIM SEPARATE CASHFLOW STATEMENT
for the nine-month period ended 30 September 2012

Currency: LAKm

	Notes	*For the nine-month period ended 30 September 2012*	*2011*
Net profit after tax		**217,718**	**151,764**
Adjustments for:			
Corporate tax expenses	27.1	63,915	61,059
Depreciation and amortization charges	19,20	29,442	29,383
Provision for credit losses		33,773	18,358
Provision/(Reversal) for impairment of investment in securities	7	(2,326)	2,326
Gain from investing activities	4	-	(16,626)
Cash flows from operating profit before changes in operating assets and liabilities		**342,522**	**246,264**
(Increase)/Decrease in operating assets			
- Balances with other banks		(88,580)	73,315
- Loans and advances to customers		(881,326)	(2,428,535)
- Accrued interest income		(13,611)	(36,125)
- Other assets		(12,826)	(35,360)
(Increase)/Decrease in operating liabilities			
- Amounts due to other banks		(7,751)	491,699
- Customer deposits and other amounts due to customers		1,627,990	2,688,717
- Corporate tax paid during the period	27.2	(58,327)	(54,620)
- Other liabilities		(35,813)	(87,483)
Net cash flows from operating activities		**872,278**	**857,872**
INVESTING ACTIVITIES			
- Purchase and construction of fixed assets		(222,349)	(142,510)
- Proceeds from disposals assets		1,331	-
- Investment in securities		139,988	(717,336)
- Payments for investments in other entities		(48,421)	(49,000)
- Interest from securities investments and dividends received		11,650	3,752
Net cash flows used in investing activities		**(117,801)**	**(905,094)**
FINANCING ACTIVITIES			
- Repayment of borrowings		(1,213)	(11,902)
- Payment of dividend		(165,611)	(24,319)
Net cash flows used in financing activities		**(166,824)**	**(36,221)**
Net increase/(decrease) in cash and cash equivalents		**587,653**	**(83,443)**
Cash and cash equivalents at the beginning of the period		**3,784,210**	**3,868,123**
Effect of foreign exchange difference		**117**	**(470)**
Cash and cash equivalents at the end of the period	**28**	**4,371,980**	**3,784,210**

Prepared by:
Mr. Phonenalath Kongvongsa
Accountant

Approved by:
Mrs. Lammaniseng Sayaphet
Head of Accounting Division

Approved by:
Mr. Onekeo Damlongboun
Deputy Managing Director

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

Vientiane, Lao P.D.R

8 November 2012

1. CORPORATE INFORMATION

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 30 September 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 the Lao P.D.R.

Chartered Capital

The actual chartered capital as at 30 September 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 30 September 2012, the Bank has one (01) Head Office, eighteen (18) main branches, thirty eight (38) services units, and ten (10) exchange units all over Lao P.D.R.

1. CORPORATE INFORMATION (continued)

Board of Directors

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

Name	*Position*	*Date of appointment/resignation*
Mr. Saysamone Xaysouliane	Chairman	Appointed on 26 March 2012
Mrs. Viengthong Siphandone	Chairman	Appointed on 17 September 2007 Resigned on 26 March 2012
Mr. Khamsouk Sundara	Vice Chairman	Appointed on 26 March 2012
Mr. Khamlien Pholsena	Vice Chairman	Appointed on 17 September 2007 Resigned on 26 March 2012
Mr. Vanhkham Voravong	Member	Appointed on 17 September 2007 Reappointed on 26 March 2012
Mr. Phoukhong Chanthachack	Member	Appointed on 26 March 2012
Mr. Vilay Siphaphone	Member	Appointed on 26 March 2012
Mr. Khamhou Thongthavy	Member	Appointed on 16 March 2003 Reappointed on 26 March 2012
Mr. Yves Jackquot	Member	Appointed 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 nine-month period of the year 2012 and at the date of this report are as follows:

Name	*Position*	*Date of appointment*
Mr. Vanhkham 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

1. CORPORATE INFORMATION (continued)

Subsidiaries

As at 30 September 2012, the Bank has two (02) subsidiaries as follows:

Name	*Established in accordance with Business License No.*	*Business sector*	*% owned by the Bank*
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	Banking & Finance	100%
BCEL - Krung Thai 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 30 September 2012, the Bank has three (03) joint ventures as follows:

Name	*Business License No.*	*Business Sector*	*% owned by the Bank*
Lao Viet Joint Venture Bank	01/NHNN dated 31 March 2000 by the Bank of the 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 as at 30 September 2012 is 1,234 persons (as at 31 December 2011: 1,022 people).

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these interim 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 the Lao P.D.R

Management of the Bank states that the accompanying interim 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 the Lao P.D.R.

2.2 Basis of preparation

The Bank maintains its records in Lao Kip ("LAK") and prepared its interim separate financial statements in million of LAK ("LAKm") in accordance with the Decree No. 02/PR by the Prime Minister of Lao P.D.R dated 22 March 2000 on the accounting system applicable to BOL and other financial institutions.

The accompanying interim separate financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Lao P.D.R. Accordingly, the accompanying interim separate financial position, the interim separate income statement, the interim separate statement of change in equity, the interim separate cash flow statement and the notes there to 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 interim 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 interim 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 interim 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 interim separate income statement on cash basis.

2.6 Recognition of dividend income

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

2. PRINCIPAL ACCOUNTING POLICIES (continued)

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 30 September 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 Regulation 324/BOL, 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 interim separate income statement as "Net specific provision charges/(reversal) for loans and advances to customers". Accumulated specific provision reserve is recorded in the interim separate financial position 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 30 September 2012 are presented in Note 16.5.

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% of the total balance of Special Mention loans as at the financial position date and general provision made for Normal loans shall be upon the BOL's notification for each period. As the BOL has not issued any notification in 2012 on general provision rate for Normal loans yet, the Bank therefore followed the most recent notification of the BOL that was the Official letter No 242/BOL issued by the Bank of the Lao P.D.R on 2 April 2011. According to this Official letter, the Bank is required to provide general provision rate at 1% of total balance of Normal Loans.

The Bank complied with the BOL's regulations on general provision provided for Normal and Special loans for the nine-month period ended 30 September 2012.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.10 General provision for credit activities (continued)

In accordance with the relevant accounting regulations as stipulated by the Bank of the Lao P.D.R, any changes in general provision for credit activities are recorded to the interim 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 interim 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 17.

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 declined in the fair value below their cost. Provision for impairment is recognized as “Net gain/(loss) from securities investment in the interim 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 interim separate income statement.

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 18.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.13 Investment in joint ventures

The Bank's investment in joint ventures is recognized at cost and subsequently reflected at cost on the interim separate financial position. Dividend and income transferred from the joint ventures are recognized in the interim 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 the 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 financial position date of 31 January 2010.

Details of the Bank's investment in joint ventures are presented in Note 18.

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 interim separate income statement, if any.

When assets are sold or retired, their cost and accumulated depreciation are removed from the interim separate financial position and any gains or losses resulting from their disposal are posted to the interim 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:

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

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

2. 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 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 PDR and other relevant guidance, commercial banks are required to provide statutory reserve at the rate between 5% to 10% of profit after tax depending on the decision of Board of Director. The Bank will appropriate to statutory reserves based on the profit making for the whole year 2012.

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 nine-month period ended 30 September 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 interim 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 period end are translated into LAK at exchange rates ruling on the interim separate financial position date (see the list of exchange rates of applicable foreign currencies against LAK on 30 September 2012 as presented below). Income and expenses arising in foreign currencies during the period are converted into LAK at rates ruling on the transaction dates. Unrealized exchange differences arising from the translation of monetary assets and liabilities on the interim separate financial position date are recognized in the interim separate income statement.

	30/09/2012 LAK	*31/12/2011 LAK*
USD	7,986.00	8,007.00
EUR	10,302.00	10,349.00
GBP	12,762.00	12,136.00
CHF	8,390.00	8,370.00
JPY	101.33	101.30
SGD	6,601.00	5,998.00
CAD	8,016.00	7,717.00
AUD	8,210.00	7,996.00

2. 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 8.00% 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

The Bank has the obligation, under the prevailing Labour Code, to pay allowance for employees who are dismissed on one of the following circumstances:

- where the employees concerned lacks the required specialized skills;
- where the employees are not in good health and therefore cannot continue to work; or
- where the Bank considers it necessary to reduce the number of workers in order to improve the organization of work within the labour unit

The allowance is equal to 10% and 15% of the basic monthly salary for every month of service for dismissed employees who have worked for the Bank for less than three years and more than three years, respectively.

3. NET INTEREST AND SIMILAR INCOME

	For the three-month period ended 30 September 2012	*For the nine-month period ended 30 September 2012*	*2011*
	LAKm	*LAKm*	*LAKm*
Interest and similar income			
Interest income due from other banks	7,851	22,229	22,578
Interest income from loans and advances to customers	141,763	402,485	324,271
Other interest and similar income	38,030	108,426	95,512
- *Interest income from available-for-sale securities*	-	-	-
- *Interest income from held-to-maturity securities*	*38,030*	*108,426*	*95,512*
Other income from credit activities	595	3,692	1,337
	188,239	**536,832**	**443,698**
Interest and similar expense			
Interest expense from due to other banks	(1,284)	(4,354)	(6,894)
Interest expense from customer deposits	(96,031)	(264,093)	(242,589)
Other interest and similar expenses	-	-	(15,332)
	(97,315)	**(268,447)**	**(264,815)**
Net interest and similar income	**90,924**	**268,385**	**178,883**

4. NET GAIN FROM EQUITY INVESTMENTS

	For the three-month period ended 30 September 2012 LAKm	*For the nine-month period ended 30 September 2012 LAKm*	*2011 LAKm*
Dividends received in the period	-	3,883	9,874
- *from equity investment securities*	-	-	*3,752*
- *from investments in joint ventures*	-	*3,883*	*6,122*
Gain in disposal of equity investments	-	-	6,752
	-	**3,883**	**16,626**

5. FEE AND COMMISSION INCOME

	For the three-month period ended 30 September 2012 LAKm	*For the nine-month period ended 30 September 2012 LAKm*	*2011 LAKm*
Fees and commission income from:			
Settlement services	378	1,147	1,365
Treasury activities	44,156	124,099	149,670
Other fees and commissions	105	401	967
	44,639	**125,647**	**152,002**

6. FEE AND COMMISSION EXPENSE

	For the three-month period ended 30 September 2012 LAKm	*For the nine-month period ended 30 September 2012 LAKm*	*2011 LAKm*
Fees and commission expenses from:			
Settlement services	1,205	1,523	630
Treasury activities	920	3,208	3,764
Other fees and commissions	2,872	8,789	5,057
	4,997	**13,520**	**9,451**

7. NET GAIN/(LOSS) FROM SECURITIES INVESTMENT

	For the three-month period ended 30 September 2012 LAKm	*For the nine-month period ended 30 September 2012 LAKm*	*2011 LAKm*
Income from trading of investment securities	-	-	-
Reversal/(Provision) for impairment of investment securities	-	2,326	(2,326)
	-	**2,326**	**(2,326)**

8. NET GAIN / (LOSS) FROM DEALING IN FOREIGN CURRENCIES AND GOLD

	For the three-month period ended 30 September 2012 LAKm	*For the nine-month period ended 30 September 2012 LAKm*	*2011 LAKm*
Net gain/(loss) from trading gold and other precious metals	**395**	**(1,717)**	**14,711**
Income from foreign exchange spot rate differences	24,021	72,214	73,988
Expense from foreign exchange spot rate differences	(2,707)	(7,289)	(8,778)
Net gain/(loss) from dealing in foreign currencies	**21,314**	**64,925**	**65,210**
	21,709	**63,208**	**79,921**

9. OTHER OPERATING INCOME

	For the three-month period ended 30 September 2012 LAKm	*For the nine-month period ended 30 September 2012 LAKm*	*2011 LAKm*
Reversal of general provision for loans and advances to customers *(see Note 17)*	10,052	14,440	2,766
Recovery of bad debts written off	27,816	34,685	44,779
Others/(Reversal)	(1,139)	1,695	3,410
	36,729	**50,820**	**50,955**

10. PAYROLL AND OTHER STAFF COST

	For the three-month period ended 30 September 2012 LAKm	*For the nine-month period ended 30 September 2012 LAKm*	*2011 LAKm*
Salary, wages and allowances	20,985	58,468	72,829
Praise for staff	-	-	23,647
Social insurance	12,409	38,011	17,317
Training expenses	146	265	704
Perdiem	1,888	4,383	-
	35,428	**101,127**	**114,497**

11. OTHER ADMINISTRATIVE EXPENSES

	For the three-month period ended 30 September 2012 LAKm	*For the nine-month period ended 30 September 2012 LAKm*	*2011 LAKm*
External services expenses	3,317	10,882	32,438
Repair and maintenance expenses	3,255	7,553	4,607
Publication, marketing and promotion expenses	1,263	3,312	3,853
Office rental expenses	1,537	4,516	11,896
Telecommunication expenses	379	1,193	3,836
Training, meeting and seminar expenses	2,393	6,683	7,065
Tax and other duties expense	14	45	38
Other expenses	951	2,261	2,239
	13,109	**36,445**	**65,972**

12. OTHER OPERATING EXPENSES

	For the three-month period ended 30 September 2012 LAKm	*For the nine-month period ended 30 September 2012 LAKm*	*2011 LAKm*
General provision for loans to other banks and loans and advances to customers *(see Note 17)*	6,473	22,859	28,498
Other expenses/(Reversal)	(459)	1,100	1,834
	6,014	**23,959**	**30,332**

13. CASH ON HAND AND ACCOUNTS WITH THE BOL

	30/09/2012 LAKm	*31/12/2011 LAKm*
Cash on hand		
Cash on hand in LAK	507,047	719,226
Cash on hand in foreign currencies	627,327	170,644
Gold and precious metal	-	100,595
Cheques collection	244	1,077
	1,134,618	**991,542**
Demand deposits with BOL		
Compulsory deposit	106,496	703,296
Demand deposits	1,584,031	890,071
	1,690,527	**1,593,367**
Term deposits with BOL	**39,715**	**112,275**
	2,864,860	**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. In the period, 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.

14. AMOUNTS DUE FROM OTHER BANKS

	30/09/2012 LAKm	*31/12/2011 LAKm*
Demand deposits at other banks		
Domestic banks	115,729	154,908
- *Demand deposits*	*115,729*	*154,908*
- *Saving deposits*	-	-
- *Call deposits*	-	-
Foreign banks	1,431,106	1,044,393
- *Demand deposits*	*1,248,075*	*894,926*
- *Saving deposits*	*164,905*	*133,874*
- *Call deposits*	*18,126*	*15,593*
	1,546,835	**1,199,301**
Term deposits at other banks		
Domestic banks	624,493	7,628
Foreign banks	218,540	695,028
	843,033	**702,656**
Loans to other credit institutions		
Domestic banks	216,361	195,598
Foreign banks	-	-
	216,361	**195,598**
	2,606,229	**2,097,555**

14.1 Term deposits at other banks

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

	Term (months)	*Interest rate (% per annum)*
Domestic banks	1 - 3	4.00 - 6.25
Foreign banks	3 - 12	0.13 - 3.30

14. AMOUNTS DUE FROM OTHER BANKS (continued)

14.2 Loans to other credit institutions

Loans to other credit institutions comprise:

- Long-term loans of USD 13,809,080 and THB 82,210,782 to BCEL Leasing have term of 5 years and bear interest rate at 6% per annum
- Long-term loans of USD 5,000,000 to Lao Development Bank have term of 3 years and bear interest rate at 5.5% per annum.
- Long-term loans of USD 5,000,000 to Agriculture Promotion Bank have term of 3 years and bear interest rate at 5.5% per annum and THB 50,000,000 term of 5 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:

Classification	*Loan balance LAKm*	*Specific provision LAKm*	*General provision(*) LAKm*
Performing loans	216,361	-	2,164
- *Normal or Pass*	-	-	-
- *Watch or Special mention*	-	-	-
Non-performing loans (NPL)	-	-	-
- *Substandard*	-	-	-
- *Doubtful*	-	-	-
- *Loss*	-	-	-
Total	**216,361**	**-**	**2,164**

(*): General provision for loans to other banks is recorded in capital and reserves (see Note 17).

15. INVESTMENTS IN SECURITIES

	30/09/2012 LAKm	*31/12/2011 LAKm*
Trading securities	**-**	**-**
Available-for-sale securities		
- 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)
	125,000	**97,674**
Held-to-maturity securities		
- Debt securities issued by the Bank of the Lao P.D.R	726,790	1,347,550
- Debt securities issued by Ministry of Finance	1,108,780	673,148
- Debt securities issued by other entities	46,574	26,434
	1,882,144	**2,047,132**
	2,007,144	**2,144,806**

-

15. INVESTMENTS IN SECURITIES (continued)

15.1 Available-for-sale securities

Details of the Bank's equity securities available-for-sale as at 30 September 2012 are as follows:

	30/09/2012 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**

15.2 Held-to-maturity securities

	30/09/2012 LAKm	*31/12/2011 LAKm*
Treasury bills issued by Ministry of Finance	785,000	279,000
Bonds issued by the Ministry of Finance	323,780	394,148
Bonds issued by the Bank of the Lao P.D.R	726,790	1,347,550
Other securities	46,574	26,434
	1,882,144	**2,047,132**

15.2.1 Treasury bills issued by Ministry of Finance

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

15.2.2 Bonds issued by the Ministry of Finance

	30/09/2012 LAKm	*31/12/2011 LAKm*
Triangle bonds	29,780	29,780
Capitalization bonds	98,000	325,000
Bonds for settlement of defaulted LC	30,000	30,000
Other bonds	166,000	9,368
	323,780	**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 Lao Airline 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:

Issuance date	*Face value (LAKm)*	*Term*	*Interest rate (% per annum)*
03 January 2009	98,000	5 years	7.80%
	98,000		

15. INVESTMENTS IN SECURITIES (continued)

15.2 Held-to-maturity securities (continued)

15.2.2 Bonds issued by the Ministry of Finance (continued)

- 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 the year 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:

Issuance date	*LAKm equivalent*	*Term*	*Interest rate (% p.a)*
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		

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

Bonds issued by the Bank of the Lao P.D.R in LAK and USD have term of 3 months – 12 months, bear interest at rates ranging from 3.5% to 6.5% per annum. Interest is paid on the maturity date.

15.2.4 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 2.7% to 8.00% per annum. Interest is paid on the maturity date.

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

	30/09/2012 LAKm	*31/12/2011 LAKm*
Commercial loans	6,047,502	5,166,176
Less specific provision for loans and advances to customers	(49,994)	(24,619)
	5,997,508	**5,141,557**

Commercial loans denominated in LAK earn interest at rates varying from 8.00% to 20.00% per annum depending on the terms of the loans. Commercial loans denominated in USD and THB earn interest at rates ranging from 6.5% to 10.00% and 6.5% to 10.00% per annum, respectively.

16. LOANS AND ADVANCES TO CUSTOMERS, NET OF SPECIFIC PROVISION (continued)

16.1 Analysis of loan portfolio by currency

	30/09/2012 LAKm	*31/12/2011 LAKm*
Loans and advances denominated in LAK	2,359,566	1,754,630
Loans and advances denominated in USD	2,824,879	2,680,688
Loans and advances denominated in THB	863,057	730,858
	6,047,502	**5,166,176**

16.2 Analysis of loan portfolio by quality

	30/09/2012 LAKm	*31/12/2011 LAKm*
Performing loans	5,989,361	5,117,283
Non-performing loans	58,141	48,893
	6,047,502	**5,166,176**

16.3 Analysis of loan portfolio by original term

	30/09/2012 LAKm	*31/12/2011 LAKm*
Short-term loans	2,271,434	1,267,801
Medium-term loans	2,728,318	2,636,195
Long-term loans	1,047,750	1,262,180
	6,047,502	**5,166,176**

16.4 Analysis of loan portfolio by type of industrial sectors

	30/09/2012 LAKm	*31/12/2011 LAKm*
Industrial services companies	615,029	1,161,184
Construction companies	1,518,297	1,059,654
Technical instruments enterprises	149,356	72,251
Agricultural and forestry	78,186	73,858
Trading companies	2,050,061	1,184,240
Transportation companies	160,199	167,071
Services companies	1,431,844	1,179,909
Other loans	44,530	268,009
	6,047,502	**5,166,176**

16.5 Changes in provision for credit losses

	Specific provision LAKm	*General provision (*) LAKm*
Balance as at 1 January 2012	24,619	52,439
Provision charged to expense in the period	63,003	21,983
Reversal of provision in the period	(37,649)	(13,771)
Foreign exchange differences	21	95
Balance as at 30 September 2012	**49,994**	**60,746**

(*): General provision for loans and advances to customers is recorded in total general provision for credit activities (see Note 17).

16. LOANS AND ADVANCES TO CUSTOMERS, NET OF SPECIFIC PROVISION (continued)

16.5 Changes in provision for credit losses (continued)

The breakdown of loan classification and provision as required by the BOL as at 30 September 2012 are as follows:

Classification	*Loan balance LAKm*	*Specific provision LAKm*	*General provision LAKm*
Performing loans			
- *Normal or Pass*	*5,946,744*	-	59,467
- *Watch or Special mention*	*42,617*	-	1,279
Non-performing loans (NPL)			
- *Substandard*	*1,894*	*379*	-
- *Doubtful*	*13,265*	*6,632*	-
- *Loss*	*42,982*	*42,983*	-
Total	**6,047,502**	**49,994**	**60,746**

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

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

17. GENERAL PROVISION FOR CREDIT ACTIVITIES

	General provision for loans to other banks LAKm	*General provision for loans and advances to customers LAKm*	*Total LAKm*
Balance as at 1 January 2012	1,956	52,439	54,395
Provision expense in the period *(see Note 12)*	876	21,983	22,859
Reversal of provision in the period *(see Note 9)*	(669)	(13,771)	(14,440)
Foreign exchange difference	1	95	96
Balance as at 30 September 2012	**2,164**	**60,746**	**62,910**

In accordance accounting regulations as stipulated by the Bank of Lao P.D.R, general provision for credit activities in recorded in the interim separate financial position as capital and reserves. General provision expense is recorded in “Other operating expenses” (see Note 12). Reversal of general provision is recorded in “Other operating income” (see Note 9).

18. INVESTMENT IN SUBSIDIARIES AND JOINT VENTURES

	30 September 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	111,950	35%	63,530	35%
Banque Franco - Lao Company Limited	138,000	46%	138,000	46%
Lao-Viet Insurance Joint Venture Company	7,369	29%	7,369	29%
	336,319		**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 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 the 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. As at 30 September 2012, the Bank has contributed additional capital of USD 5,625,000 on 20 March 2012.
- 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 the 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 30 September 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.

19. INTANGIBLE FIXED ASSETS

Movement of the balance of intangible fixed assets for the period ended 30 September 2012 is as follows:

	Land use rights LAKm	*Software LAKm*	*Total LAKm*
Cost:			
As at 1 January 2012	22,059	29,988	52,047
Additions	145,224	5,492	150,716
Disposals	-	(2,851)	(2,851)
As at 30 September 2012	167,283	32,629	199,912
Accumulated amortization:			
As at 1 January 2012	-	9,478	9,478
Charge for the period	-	4,797	4,797
Disposals	-	(2,851)	(2,851)
As at 30 September 2012	-	11,424	11,424
Net book value:			
As at 1 January 2012	22,059	20,510	42,569
As at 30 September 2012	167,283	21,205	188,488

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

	Land use rights LAKm	*Software LAKm*	*Total LAKm*
Cost:			
As at 1 January 2011	13,176	16,880	30,056
Additions	9,336	13,900	23,236
Disposals	(453)	(792)	(1,245)
As at 31 December 2012	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
Disposals	-	(733)	(733)
As at 31 December 2012	-	9,478	9,478
Net book value:			
As at 1 January 2011	13,176	10,801	23,977
As at 31 December 2012	22,059	20,510	42,569

20. TANGIBLE FIXED ASSETS

Movement of the balance of tangible fixed asets for the period ended 30 September 2012 is as follows:

	Building & improvements LAKm	*Office equipments LAKm*	*Furniture & fixtures LAKm*	*Motor vehicles LAKm*	*Total LAKm*
Cost:					
As at 1 January 2012	103,978	83,669	17,647	17,346	222,640
Additions	85,608	20,605	5,122	4,423	115,758
Disposals	(1,355)	(13,809)	(141)	(4,293)	(19,598)
As at 30 September 2012	188,231	90,465	22,628	17,476	318,800
Accumulated depreciation:					
As at 1 January 2012	19,710	41,707	2,914	9,287	73,618
Charge for the period	7,993	12,671	1,614	2,367	24,645
Disposals	(834)	(13,026)	(115)	(4,293)	(18,268)
As at 30 September 2012	26,869	41,352	4,413	7,361	79,995
Net book value:					
As at 1 January 2012	84,268	41,962	14,733	8,059	149,022
As at 30 September 2012	161,362	49,113	18,215	10,115	238,805

Movement of the balance of tangible fixed asets for the period ended 31 December 2012 is as follows:

	Building & improvements LAKm	*Office equipments LAKm*	*Furniture & fixtures LAKm*	*Motor vehicles LAKm*	*Total LAKm*
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
Disposals	(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
Disposals	(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

21. ACCRUED INTEREST RECEIVABLES

	30/09/2012 LAKm	*31/12/2011 LAKm*
Accrued interest receivables – balance with the BOL	45	273
Accrued interest receivables – due from banks	5,013	3,123
Accrued interest receivables – loans and advances to customers	48,991	37,041
Accrued interest receivables – securities investments	22,899	34,550
	76,948	**74,987**

22. OTHER ASSETS

	30/09/2012 LAKm	*31/12/2011 LAKm*
Stationeries and other tools	919	5,413
Checks in collection	8,819	13,343
Assets waiting for sales	3,981	6,041
Prepaid expenses to be allocated	17,602	16,115
Prepayments	30,559	16,061
Dividend receivables	3,196	6,122
Others	16,508	5,662
	81,584	**68,757**

23. AMOUNTS DUE TO OTHER BANKS

	30/09/2012 LAKm	*31/12/2011 LAKm*
Demand deposits at other banks		
Domestic banks	368,046	220,525
Foreign banks	3,715	2,844
National treasury	713,283	846,462
Other government institutions	15	25
	1,085,059	**1,069,856**
Borrowings from other banks		
Bank of the Lao P.D.R	65,451	66,664
	65,451	**66,664**
Other payables to other banks	**3,082**	**26,036**
	1,153,592	**1,162,556**

Borrowings from the BOL include:

- Borrowing from the BOL represents the long-term loan of USD 310,000 as at 30 September 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 7,885,714 as at 30 September 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.

24. AMOUNTS DUE TO CUSTOMERS

	30/09/2012 LAKm	*31/12/2011 LAKm*
Demand deposits		
Demand deposits in LAK	1,132,256	1,130,723
Demand deposits in FC	1,738,201	1,935,514
	2,870,457	**3,066,237**
Daily deposits		
Daily deposits in LAK	-	357
Daily deposits in FC	-	43
	-	**400**
Saving deposits		
Saving deposits in LAK	1,371,036	1,099,650
Saving deposits in FC	3,673,589	3,068,299
	5,044,625	**4,167,949**
Margin deposits		
Margin deposits in LAK	88,750	17,739
Margin deposits in FC	178,684	98,750
	267,434	**116,489**
Fixed term deposits		
Fixed term deposits in LAK	2,596,443	1,939,481
Fixed term deposits in FC	1,335,933	1,153,656
	3,932,376	**3,093,137**
Other payables to customers	**40,427**	**83,116**
	12,155,319	**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.

25. ACCRUED INTEREST PAYABLES

	30/09/2012 LAKm	*31/12/2011 LAKm*
Accrued interest expense – balance with the BOL	40	23
Accrued interest expense – customer deposits	54,900	50,314
	54,940	**50,337**

26. OTHER LIABILITIES

	30/09/2012 LAKm	*31/12/2011 LAKm*
Payables to employees	-	23,647
Payable to suppliers	10,079	10,403
Termination allowances	5,123	3,735
Other payables	24,845	42,678
	40,047	**80,463**

27. TAXATION

27.1 Enterprise Income Tax Expense

Major components of tax expense for the nine-month period ended 30 September and the financial year 2011 are as follows:

	For the nine-month period ended 30 September 2012 LAKm	*2011 LAKm*
Enterprise Income Tax expense in accordance with statutory tax regulations		
- Current	63,915	61,059
Total tax expense for the period	**63,915**	**61,059**

27.2 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 nine-month period ended 30 September 2012 (2011: 30%).

27. TAXATION (continued)

27.2 Current Enterprise Income Tax (continued)

	For the nine-month period ended 30 September 2012 LAKm	*2011 LAKm*
Option 1		
Total taxable revenues	721,243	796,796
Enterprise Income Tax at 1% of total taxable revenues	7,212	7,968
Income tax expense under 1% method	**7,212**	**7,968**
Option 2		
Profit/(loss) before tax of the period	**281,633**	**212,823**
Less		
- Income exempt from EIT (dividend income)	(3,883)	(9,874)
Add		
- Non-deductible expense	142	581
Taxable profit	**277,893**	**203,530**
Enterprise Income tax expense at 23% of total taxable profit of the Bank (i) (2011: 30%)	**63,915**	**61,059**
Current Income Tax (higher between two options)	**63,915**	**61,059**
Payable at the beginning of the period	57,005	50,566
Tax paid during the period	(58,327)	(54,620)
Payable at the end of the period	**62,593**	**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 interim separate financial statements could be changed at a later date upon final determination by the tax authorities.

28. CASH AND CASH EQUIVALENTS

	30/09/2012 LAKm	*31/12/2011 LAKm*
Cash on hand	1,134,618	991,542
Current accounts with the BOL	1,690,527	1,593,367
Current accounts with other banks	1,546,835	1,199,301
	4,371,980	**3,784,210**

29. 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 at 30 September 2012 were as follow:

Related party	*Relationship*	*Transactions*	*Receivable LAKm*	*Payable LAKm*
The Bank of the Lao P.D.R	Direct controller	Borrowings and accrued interest from the BOL	-	65,451
The Bank of the Lao P.D.R	Direct controller	BCEL's demand deposits at BOL	1,584,031	-
The Bank of the Lao P.D.R	Direct controller	BCEL's compulsory deposits at BOL	106,496	-
The Bank of the Lao P.D.R	Direct controller	BCEL's term deposits and accrued interest at BOL	39,175	-
The Bank of the Lao P.D.R	Direct controller	Investment in BOL's bonds	726,790	-
The Ministry of Finance of the Lao P.D.R	Direct owner	Investment in MOF's bonds	1,108,780	-
BCEL Leasing Company	Subsidiary	Current accounts	-	801
BCEL Leasing Company	Subsidiary	Loans and accrued interest	131,551	-
BCEL - Krung Thai Securities Company Limited	Subsidiary	Saving accounts	-	13,152
Lao Viet Joint Venture Bank	Joint venture	Current accounts	-	5,928
Banque Franco – Lao Company Limited	Joint venture	Current accounts	-	11,872
Lao Viet Insurance Company	Joint venture	Saving accounts	-	1,720

29. TRANSACTIONS WITH RELATED PARTIES (continued)

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

Related party	*Relationship*	*Transactions*	*Receivable LAKm*	*Payable LAKm*
The Bank of the Lao P.D.R	Direct controller	Borrowings from the BOL	-	66,664
The Bank of the Lao P.D.R	Direct controller	BCEL's demand deposits at BOL	890,071	-
The Bank of the Lao P.D.R	Direct controller	BCEL's compulsory deposits at BOL	703,296	-
The Bank of the Lao P.D.R	Direct controller	BCEL's term deposits at BOL	112,275	-
The Bank of the 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:

	For the nine-month period ended 30 September 2012 LAKm	*2011 LAKm*
Salaries	810	2,035
Bonus	-	429
Responsibility allowance	821	822
	1,631	**3,286**

30. EARNINGS PER SHARE

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

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

	For the three-month period ended 30 September 2012	*For the nine-month period ended 30 September 2012*	*2011*
Net profit after tax attributable to ordinary equity holders for basic earnings (LAKm)	96,550	217,718	151,764
Weighted average number of ordinary shares for basic earnings per share (units)	136,577,600	136,577,600	136,577,600
Face value per share (LAK)	5,000	5,000	5,000
Earnings per share (LAK)	707	1,594	1,111

31. CAPITAL MANAGEMENT

The Bank maintains minimum regulatory capital in accordance with Regulation No 01/BOL dated 28 August 2001 by the Governor of Lao PDR 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.

31. CAPITAL MANAGEMENT (continued)

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

	30 September 2012 LAKm	*31 December 2011 LAKm*
Tier 1 capital	934,295	882,188
Tier 2 capital	62,910	54,395
Total capital	997,205	936,583
Less: Deductions from capital (Investments in other credit and financial institutions)	(249,950)	(201,530)
Capital for CAR calculation (A)	**747,255**	**735,053**
Risk weighted balance sheet items	6,400,867	7,744,743
Risk weighted off balance sheet items	1,886,845	1,225,130
Total risk weighted assets (B)	**8,287,712**	**8,969,873**
Capital Adequacy Ratio (A/B)	**9.02%**	**8.19%**

32. EVENTS AFTER THE INTERIM SEPARATE BALANCE SHEET DATE

Other than as disclosed elsewhere in these interim separate financial statements, at the date of this report, there were no events, which occurred subsequent to 30 September 2012 that significantly impacted the interim separate financial position of the Bank as at 30 September 2012.

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

Prepared by:	Approved by:	Approved by:
Mr. Phonenalath Kongvongsa	Mrs. Lammaniseng Sayaphet	Mr. Onekeo Damlongboun
Accountant	Head of Accounting Division	Deputy Managing Director

Vientiane, Lao P.D.R

8 November 2012